

The Web Design Business Kit



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THE WEB DESIGN BUSINESS KIT

BY BRENDON SINCLAIR
SECOND EDITION

The Web Design Business Kit

by Brendon Sinclair

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About SitePoint

SitePoint specializes in publishing fun, practical, and easy-to-understand content for web professionals. Visit <http://www.sitepoint.com/> to access our books, newsletters, articles, and community forums.

This kit is dedicated to my favorite teacher, Mrs. Barbara Pearce. She taught me how to write (literally—she gave me my “Cord Cursive License” in Grade 3), and how to enjoy learning. Thanks, Mrs. Pearce.

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Preface

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. My 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!

It's been five years since I first wrote this kit and the web development industry has undergone some enormous changes in that time. These changes have impacted on the industry in a (mostly) positive way as the access to information has increased, while the price for many aspects of setting up a web development business has gone down, down, down. This shift has resulted in a lot more competition for established players and a lot more opportunities for developers looking to strike out on their own.

I'm proud of how well the first edition of the kit has stood the test of time—even as I've refreshed and updated each chapter, and added new ones to help you on your journey to long-term business success, I've noted that the fundamental message stays the same. Sure, I've tightened up aspects here and there and given more relevant examples where possible, but the basics remain: identify your target market, find out what they want, and then get in front of them so you can make an offer.

The kit takes you step by step through the basics of getting started, including the best places to gain advice about your business and how to move forward to business planning, budgeting, and much more. The more experience I acquire, the more I realize how much time and effort this kit can save you—the messages of thanks I've received from many web developers since the publication of the first edition have been a great affirmation of this!

Who Should Read this Kit?

The Web Design Business Kit is ideal for anyone starting out in business, with particular resonance for creative and development businesses. While it was written with web developers, web programmers, and web designers in mind, its very nature means that it has solid business and marketing advice for readers across a whole range of industries.

I genuinely believe that you will save yourself much trial and error, and hundreds of hours of research and work, by using this kit, and that it can contribute enormously to your success. The feedback I've received from readers of the first edition has been overwhelmingly positive, and testifies to having assisted many people in building better and stronger businesses.

Since I'm writing from the basis of possessing very little technical knowledge of web development, no detailed technical or web knowledge is a prerequisite to learning from this kit.

What's in this Kit?

Folder 1: Manual

Folder 1 contains 23 chapters, in five parts:

- First Steps in Freelancing
- Establishing Your Business
- Running Your Business
- Expanding Your Business
- Looking 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.

In Part I, which encompasses Chapter 1 through to Chapter 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.

Part II 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 Chapter 6 through Chapter 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 III 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? Chapter 10 through to Chapter 14 will answer these questions and more.

Part IV 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 contractors in Chapter 15 through to Chapter 18. 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 Part V, which offers 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, legal information, and resources that will assist your web development business to thrive and flourish over the years ahead.

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 seven areas:

Business Planning and Financial Documents

Business Plan

This Example Business Plan, coupled with the Example Business Financials, provides a clear illustration of the plans a small web business might make for its first year of operation.

Marketing Activity Analysis Sheet

Analyze the results of your latest marketing campaign, and apply what you learn to improve the results next time. This analysis sheet makes it easy.

Strategic Marketing Plan

Maintain complete control over all your marketing campaigns simultaneously with this at-a-glance template.

Promotional Tools

Direct Mail

Cover yourself for almost all promotional occasions with these ten form letters; we've included several types of introductory letters specific to various types of prospect, special offer letters, and follow-up letters.

Domain Name Marketing

Look after your domain name marketing efforts with these four documents, which include a direct-mail letter to secure your domain, a registration form, a domain-name services flyer, and a form to keep track of client domain details in-house.

Media Tools

Raise your profile with these handy tools! Here you'll find a media kit for raising your profile: background, press release, fact sheet, and contact details. Also, we include a sample media release.

Client Contact Documents

Making Contact

Ensure clear and successful contact with your client! These ten sample letters are included to assist you with client contact for every step of the project.

The Pitch

Make your pitch a successful one with the assistance of these six documents, from the initial proposal to the quote for services.

The Web Development Process

Cover the practical side of your project, from checklists to briefs: we include 11 documents here to aid communication with the various parties you'll be dealing with.

Job Approval and Invoicing

Obtain payment for your services with these five documents, which include an invoice, a payment-overdue letter, and a client follow-up letter.

Surveys**Survey Cover Letter**

Increase your survey response rates by prefacing your questionnaire with this short, friendly cover letter.

Business Management Survey

Develop your own research questionnaire using this sample survey as your basis. This questionnaire contains specific questions relating to business management.

Web Development Seminar Participant Survey

Use the feedback you receive through this survey form to improve your presentation style ... and make valuable contact with hot prospects.

Web Development Firm Selection Customer Survey

Survey your existing clients with this one-on-one interview-style template that's designed to provide you with high-quality market intelligence.

Survey Follow-up Letter

Thank survey respondents with this quick, polite letter, which is ideal for inclusion with a small thank-you gift.

Employment Documents**Employee Interview Questionnaire**

Ascertain whether candidates for employment will thrive in your business with this ready-to-use questionnaire. Simply print and go!

Confirmation of Employment Letter

Formalize your new recruit's employment agreement with this comprehensive sample letter of confirmation.

Employee Confidentiality Agreement

Protect your IP and ensure your team members know where they stand. With this concise confidentiality agreement, you'll have all bases covered.

Time Sheet

Provide staff members with this handy time sheet, and you'll have an ongoing and accurate record of the hours each team member has worked.

Office Documents**Fax Header**

Communicate clearly with this standard fax header. Drop in your company details, and it's ready for use.

Meeting Agenda

Keep your meetings focused and productive with this agenda template. Ideal for internal and external use, it follows a standard format that's practical and clear.

Memorandum

Effectively communicate with team members using this basic memorandum template.

Legal Documents**Sample Web Design Services Agreement**

Use this sample web design contract to cover the work that you'll do for your clients, including how you'll get paid, transfer of intellectual property, and other issues, which you can use as a basis for drawing up your own agreements (in conjunction with a lawyer).

Sample Site Maintenance Agreement

Cover ongoing maintenance work for a web site with this sample contract.

Sample Marketing Agreement

Document ongoing marketing work for a web site with this sample contract.

Sample Non-disclosure Agreement

Have employees and contractors sign a confidentiality agreement such as the sample provided here.

Sample Hosting Agreement

Cover ongoing hosting for a web site with a document based upon this sample contract.

All of these documents are 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 filename.

This Kit's Web Site

Located at <http://www.sitepoint.com/books/freelance2/>, the web site supporting this kit will give you access to the following facilities.

Updates and Errata

The Corrections and Typos page on the kit's web site, at <http://www.sitepoint.com/books/freelance2/errata.php>, will always have the latest information about known typographical and code errors, and necessary updates for changes to technologies.

The SitePoint Forums

While I've made every attempt to anticipate any questions you may have, and answer them in this kit, there is no way that any publication could cover everything there is to know about the web design business. If you have a question about anything in this kit, the best place to go for a quick answer is SitePoint's Forums—SitePoint's vibrant and knowledgeable community—at <http://www.sitepoint.com/forums/>.

The SitePoint Newsletters

In addition to kits like this one, SitePoint offers free email newsletters. The *SitePoint Tech Times* covers the latest news, product releases, trends, tips, and techniques for all technical aspects of web development. The long-running *SitePoint Tribune* is a biweekly digest of the business and moneymaking aspects of the Web. Whether you're a freelance developer looking for tips to score that dream contract, or a marketing major striving to keep abreast of changes to the major search engines, this is the newsletter for you. The *SitePoint Design View* is a monthly compilation of the best in web design. From new CSS layout methods to subtle Photoshop techniques, SitePoint's chief designer shares his years of experience in its pages. Browse the archives or sign up to any of SitePoint's free newsletters at <http://www.sitepoint.com/newsletter/>.

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. If you have any feedback, questions, or wish to alert us to mistakes, write to our well-manned email support system at books@sitepoint.com. Suggestions for improvement, as well as notices of any mistakes you may find, are especially welcome.

Acknowledgments

A big thanks to the people who have helped along the way in making this kit the success it has been. Although I'd love to take the credit and say it was all because of me, my mom always taught me to be honest. So, at the risk of damaging my fragile male ego by acknowledging the people who really made the kit a success, here goes:

Thanks to Mark Harbottle, SitePoint's CEO, for asking me to write the kit in the first place, the very kind and thoughtful editors Hilary Reynolds and Georgina Laidlaw, and the rather brilliant Simon Mackie, the editor for the updated version.

If you think I can get through the acknowledgments without thanking my wife of 18 years, then clearly you've never been married and are unfamiliar with the wrath of a woman ignored. So thanks to Mel for being my proofreader and sounding-board as I went along—you're a treasure.

Conventions Used in this Kit

You'll notice that we've used certain layout styles throughout this kit to signify different types of information. Look out for the following items.



Hey, You!

Tips will give you helpful little pointers.



Ahem, Excuse Me ...

Notes are useful asides that are related—but not critical—to the topic at hand. Think of them as extra tidbits of information.



Make Sure you Always ...

... pay attention to these important points.



Watch Out!

Warnings will highlight any gotchas that are likely to trip you up along the way.

Getting Started

We 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!

The Web Design Business Kit



Chapter 1

Starting Out

Very few people will ever achieve their greatest life goals. How many people do you know who have achieved their dream?

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

The same can be said for taking the plunge into business, doing it on your own. Who doesn't long to be their own boss, but feel safer with the devil they know? Throughout the course of this kit, you'll often be prompted into action, to *try*. After all, you'll need to have a shot, to take risks, if you're ever to escape wage slavery.

In this kit, I'll show you how to start, build, and expand your own freelance or small web business. We'll meet some interesting characters by way of anecdote, and, at times, deal with less-than-glamorous topics—unless you're someone who finds breakeven analyses glamorous!

Now, you can simply read this information, absorb it, and mull it over, or you can take action—immediate action—while it's still fresh and inspiring. Many people *will* simply read it and pop it on their bookshelf. But others, like the steady stream of people I've had email me over the years to thank me for writing the first edition of kit, will implement what they've learned and reap the rewards.

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Here's one of the first notes of feedback I received about the kit when it was published in 2003:

Example 1.1. First Edition Feedback

“You wouldn't believe the impact *The Web Design Business Kit* had on our business. The first month we had the kit, our business income was double what we've made at any time in the last three years of business. We achieved this success by simply implementing a few of the business strategies on pricing, presentation, and follow-up we read in the kit.”

The key point of that snippet of feedback is the *simple implementation of a few of the business strategies*. It really is all about simply implementing, so don't just read this kit, put it away, and gradually forget about it. Write notes to yourself as you go through the chapters. Detail how you can apply the lessons I've learnt to what you do. Most of all, put the ideas into practice—action will lead to success. 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 one of the special few of the population to achieve your life's greatest goals? *Carpe diem!* Let's make a start.

Why Be your Own Boss, Anyway?

Just why are you starting out on your own? Think about this question: your answer is important.

Why do you even work? All we really need is a couple of decent meals a day and some shelter, and we'll be just fine. Why, then, do many of us put in long, hard hours trying to build a business? Is it to have a bigger house, a better car, and more jewelry than the Jones's? If you answered “Yes,” then that's fine. Is it to save for the future so you can enjoy a nice lifestyle one day? 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. You'll also have that bit of extra motivation to get you through the tough times—and tough times come to us all as we struggle to bring the cash in the door.

So, what is success?

Defining Success and Failure

I have a friend who runs a small Internet business that sells one product. He spends an hour a day on his business. Sometimes he misses a day ... or three. He basically works whenever he wants. He lives in a modest two-bedroom unit about 50 meters from the beach. He plays golf three times a week, and enjoys a long, leisurely lunch on Fridays. He takes himself off to sporting events whenever he feels like it, 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 35 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, but he 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 mile or two, after which I go for a run or a bike ride. I might then spend an hour at my local beachside café thinking through a few business ideas that we might have on the go.

Am I successful?

These are three very different businesses. Each business owner leads a very different lifestyle. So, just what is success?

Success is whatever you want it to be. Yes, that's a thoroughgoing cliché. But, like all clichés, it became a cliché via its essential truth.

When I was a young fellow of 21, my ambition was to make a million dollars by the time I was 30. Then I hit some tough times where I struggled to pay the bills and put food on the table. All of a sudden, my definition of success went from earning millions to simply being able to feed my family. Now that I'm older (and, hopefully, a little wiser), my definition of success has shifted. I still run my own business—I have for over a decade—and with large numbers of small businesses folding within their fledgling years, I think that means I'm successful at what I do. Goals change—and your definition of success can change.

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My friend with the Internet business makes enough money to have a comfortable lifestyle compared to many people. I call him 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 merely financial surplus, though. This is an important distinction to make: it might be your definition of success, but it doesn't have to be. If you're currently stuck in a boring, low-paid job that takes an hour's drive to reach each morning, then running a freelance web development business from your spare bedroom that provides you with the exact same income 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 seem a bigger deal, but then that comes with its own issues, too.

Remember that only a tiny fraction of the population will achieve their dreams and major goals in their lives. Many people just hang around waiting for success to come along and smack them in the face. Well, it's so unlikely to happen as to be out of the question. You have to get out there and grab life, reach for success. No one else will do it for you—it's completely up to you!

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 biggest prize. Right?

Errrr, no, actually. It means nothing of the sort.

Let's banish this first misconception 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 abilities that dictates whether you sink or swim as a freelancer—and even then, they're not the sole key to your success.

The best designer I've met in ten years of doing web development went out of business recently because he couldn't generate enough profit to keep the business afloat. He told me a few months later that he'd analyzed his profit for the previous two years and found that he'd been working for less than \$5.00 per hour. It so happened that I subsequently picked up one of this designer's old clients, who said to me, "I can't believe how cheap they were and I can't believe how slow they were at asking for payment." We recently redeveloped the client's site and charged five times what that great designer had charged—and the client didn't bat an eyelid.

You see, it's not enough to be a great programmer or designer or whatever—there's a lot more to it than that. 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 businessperson on the planet—the business of selling!

Realizing that you're 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 are you in business?”

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 exists to help your clients make more money.* That's the only thing you must be thinking about. The sites you design and the solutions you build must have a single aim—to help your clients to prosper.

They might accomplish this aim with your help 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. If you don't help your client make more money, then they won't want to work with you.

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

Freelance 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 owning the small business. 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

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people generating \$80 an hour each is even better. That's a \$200-an-hour profit ... and you don't even have to be in the office!

But which is the option for you?

Both freelancing and running a business have established reputations for being unstable forms of employment. Conventional wisdom suggests that in your own business, the rug can be pulled out from under you at the drop of a hat. Actually, I'm of the opinion that working for yourself is the most stable of all forms of employment.

I'd even 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. What happens when the board discovers there's not enough money in the coffers to give the management team a million-dollar bonus each? It's no problem! They just cut 500 jobs and pay the bonuses from the money they've "saved."

A friend of mine recently made the move into his own business from the corporate world. He looks upon this business as being far more stable than having a job. Why? Well, he sees that if one of his clients fires him, he has lost just a small amount of business, and, as he's very busy, it really doesn't matter. If he'd been fired from his previous life as the corporate money-man, it would've meant an end to his entire income.

Life as your own boss is unpredictable, it's true. That's the best *and* worst aspect of it. There's total authority to make decisions, but no one else to take the blame if everything goes down the toilet.

In a sense, especially as a freelancer, your time's your own. It's true that you can take vacations when you want, nod off when you want, and start work when you want. Life wasn't meant to be easy, though—it can be a struggle to survive as a freelancer, and you can rest assured you'll find yourself working some long, hard hours. Sometimes those vacations are determined by the work you have to do unexpectedly, and it can be difficult to plan ahead. But as you work these hours and postpone those vacations, you'll come to recognize that the skills you're using are salable. Now that's the exciting bit.

It's not all merrily working and counting the money when you're running a small business, either. 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, office-space rent ... you get the idea. Suddenly that \$40-an-hour profit for each employee is dwindling down to not so much.

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. I actually had my photo taken with the first-ever check I received from a client, and yes, I can still remember its amount and whom it was from! Be aware that, although it will be hard work, the rewards—not only in monetary terms—can be great.

Stepping Out on your Own

As a marketing consultant for a few years, I looked at a huge range of businesses—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 also heard many people make exactly that same argument about any other industry. And I've heard many people talk about “now” not being the right time to build a successful business.

However, I've seen businesspeople succeed in recessions. I've seen businesspeople succeed with Internet businesses. I've seen businesspeople succeed in all sorts of other very competitive industries. The reason for this is simple: these people would succeed anywhere, with any venture. They put systems in place, they react to market changes faster, they sell better, and they manage more effectively; they do everything better than their competition.

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

Getting Started

So, where do you start with your business? Most people would answer “start at the beginning,” but I'd like to offer you my own philosophy. You should 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 30 years, and hand it over to your children, plan accordingly. If your exit strategy to build the business up and sell it in five years, when you're grossing \$1 million annually, you'll need a different plan.

Plan your business very carefully—don't just cruise along, hoping for the best.

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Identifying 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 outcome, estimate the value of sales you'll need to make each year. Your sales figures might need to look something like this:

Table 1.1. Reaching that Million-dollar Goal

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 slightly over \$4,500 per week. For a talented web designer, that might mean attracting just one new client per week.

That's easy to do—we'll be running through the best ways to attract new clients a little later in Chapter 5.

Planning 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, web site maintenance, and marketing) from all these clients—another \$1,000 per month.

Expenses and Eventualities

Next, take a look at what you'll need in order to take on one new client a week: a telephone, business literature such as letterhead and business cards, a reliable computer, a table and chair, maybe some support staff.

Note all these requirements down, and spread the costs over 12 months. Spreading them evenly is fine, or you can spread them according to the way you think the costs might be incurred. Repeat the same exercise to forecast the way you think your income might be generated.

Now, consider as many eventualities as you can, short of Earth-threatening meteors and species-jumping avian influenza. What if your computer is stolen? That would be ... annoying. Insurance, don't forget insurance. Don't forget to organise backup of all of your files offsite, whether you use an online service or simply burn to a CD and take it home. 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 to whom you can outsource the work. Keep thinking. What other eventualities do you need to cover? Listen to other people, and the problems they've experienced, to help you predict the unpredictable.

Keep developing solutions for all these scenarios, and soon you'll have a top-quality plan of attack: a weapon the vast majority of businesses *don't* have.

Forming 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 right time to buy the new color photocopier, the latest and greatest fax, or plush red office furniture. No new car, no new cell phone, no huge office space with city views. Don't spend money on things that don't help generate money. Buying this kit was a wise investment; signing a three-year lease on a 200-square-meter office when you're just starting out, is not.

You need to focus on survival—and that means running the business with as much frugality as possible.

Saving on Equipment

Maybe, just maybe, you can't keep running down to your local post office to use the fax machine, or borrow your brother-in-law's, and you actually have to buy your own. If you're rushing out to buy that new fax with 100-number memory, the ability to call at

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selected times, and all the rest of the latest and greatest functionality, stop! Take two steps back and slap yourself. You're wasting money!

You'll have to work hard in the early stages of your business to bring cash in the door—don't throw it straight out the window on stuff you don't need. It might be exciting setting up your new business, but do *not* let it go to your head. 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 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 austerity simply doesn't matter in the long run, and that a clicking, flashing, and beeping fax machine will impress clients. Understand that the fax machine really isn't the point. It's your outlook and attitude that is the crucial element. Save a few hundred here, another hundred there, a couple of dollars over there ... and before you know it, you'll have the mentality of a businessperson intent on keeping expenditure tight and cashflow positive.

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

Don't worry—I've fallen into the trap of buying expensive gadgets for the business I didn't really need. It was only after a few years, when I'd gained some confidence in what I was doing, that I relaxed about needing to keep up with everyone else and stopped buying stuff I didn't really need.

Saving on Office Space

Now, just where will that secondhand but perfectly functional 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 favor, and having to produce thousands of dollars 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. 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"—acquaint yourself with the power of answering services. Your clients need never know.

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. 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 comprised simply me working from my bedroom. 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.

The other aspect is that larger firms (and they're the ones with the bigger budgets for web development) felt far more comfortable in dealing with a business with offices, staff, and a higher profile. Having said all that, I don't advocate signing a five-year office lease—I suggest you start off slowly. When I finally moved into an office, 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!

Innovating and Making Do

My offices do not contain a single stick of new furniture. All of the six desks 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 secondhand, and cost \$180 in total. The boardroom chairs are my old dining-room chairs.

Remember that success is whatever you want it to be.

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's obviously not what we want. That's one of the reasons most businesses fail—and you're not going to fail.

Finding Good Advice

In the great Internet boom of 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 30 years' experience under your belt? No, of course not. That would make life dull, and you'd be ancient before you had the chance to enjoy the fruits of your success. What you need is good advice from others who already have that experience, which will set you up well to go forward without a whole lot of your own—even if it doesn't convince your bank manager!

There are plenty of people and places you can go to for good advice. Let's take a look at what's on offer in building a team of trusted professionals, how far to trust them, and in which areas to trust them. With a combination of all these resources, you'll be able to build some excellent advice for how to run your business.

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. The accountant you choose to work with 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. Recommendations from other business owners are a good way to find the right accountant, so ask around those you know.

bankers

First of all, bankers are never the best source of financial advice. They have a vested interest in selling you their own products, so their advice is always likely to be biased and not necessarily in your best interests. Knowing that, you can still approach a banker for some advice.

While bankers often have almost no real business experience, they have seen many people fail in business. This is where they can come in very handy—they can usually see the warning signs of a troubled business, and may be able to warn you in advance. Many banks offer small business advisory services.

solicitors

Solicitors are an excellent source of legal advice. Take their experience and opinions into account, but always remember that any final decisions are yours.

That said, try to gain a handle on all your own 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 and relatives

Friends are great for friendship, relatives are there to care; both are usually an unreliable source of business advice. Friends and relatives will tell you what you want to hear, believing their role is to offer encouragement, no matter how inadvisable your venture or crazy your scheme. By the same token, you'll have well-meaning friends and relatives who are fearful for your sake; they can be discouraging about your perfectly sound business ambitions.

Unless you know them to be objective and knowledgeable about your area of business, don't confuse sound friends with being sound businesspeople. Borrow their fax machines, not their advice.

other businesspeople

I'm not talking about major business leaders here; I'm talking about the woman 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 quite a harsh business world.

One of the most useful things I do is have a brunch every Thursday with five other small business owners. 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 gain different perspectives on the issues we face.

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

Arming yourself for Success

There's a daunting percentage often trotted out when the failure rate of new small businesses comes up in discussion: it suggests that 80% of small businesses crash and burn

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within their first five years. While the origin of this finding is unknown and seems to be an exaggeration designed to dissuade the faint-hearted from taking the plunge into business, there is certainly a large number of small businesses that fail in their first few years. What makes you think *you'll* succeed? Well, it's simple. You'll succeed because you're going to be armed with several weapons that unfortunate contingent won't be:

a goal

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

a plan

I don't mean some vague little generalization written like a prayer on your office whiteboard—I mean a detailed plan that covers everything. Who's doing your accounting, and what package will you use? Exactly how will you market your offering? What if a client decides to sue you? 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, I know; having a positive attitude has become a truism and a new-age mantra. But if you'll allow me to be deep and philosophical for just a moment, you *do* need a positive attitude.

You are about to be rejected by countless people. Some will laugh at you; others will sneer and scorn. Many people will refuse to take your phone calls, and few will return them. People will be aggressive, adversarial, and downright rude, but you must stay positive. A positive attitude is the difference between your success and failure.

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. 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. Okay, you'll come up against problems. There are plenty of solutions you can use to deal with those problems as they occur, and you implement the option that you decide will be best.

Let's say that option doesn't work out. Does that mean it was the wrong decision? No—it was a solution 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. The next time you have a problem like that one, you'll find the best solution even faster.

I read a few years ago the big differences between the successful entrepreneur and the not-so-successful one: the successful ones don't care what others think of them, and they can't really imagine themselves failing. This indicates to me that fear of failure, and the resulting stigma attached to that failure, is the main barrier holding most people back from achieving their dreams.

You have to believe in yourself. You can do this. There's no doubt about it.

Summary

We've seen that a tiny minority of people have the self-belief and motivation to take the plunge and say goodbye to their unfulfilling wage slavery. You can take control of your destiny. You just need a little help along the way, and that's what this kit will provide.

We've questioned the definition of success, and found that it means something very different to different people. What the notion of success means to you—and the way you run your business and to what end—is entirely up to you.

We've looked at the differences between freelancing by yourself and setting up your own business to employ other people. We've seen that ability and talent is only part of the story. You need to put other skills into action, not least sense, forethought, planning, and the ability to sell.

In running your own business, a sensible approach and the right mindset is key, no matter how excited you are to be your own boss. Gathering a team of assorted professionals about you is vital for gleaning the necessary advice from their differing experiences. Finally, you need to define your business strategy by beginning at the ending: planning your exit.

Now that we've covered the basics of why you'd want to freelance and what freelancing is all about, the following chapter covers the information, advice, tips, and hints you'll need to test the freelancing or small business waters. So, are you ready to jump in and start working towards your greatest life goal? Fantastic! Let's make a start and get you where you want to be.

Chapter 2

Business Planning, Research, and Competition

The more experienced a brain surgeon becomes, the less likely they are to make mistakes with the scalpel. The more experienced a motor mechanic is, the more easily they'll identify the strange grating sound your car makes at high speeds, and convince you to part with lots of money in remedying it. And the more experienced a businessperson is, the less likely they are to make fundamental business errors. It makes perfect sense, then, to review the practices of people who have been in the web design business longer than you have. It's a great way to learn what's happening in the marketplace, and to spark ideas about how you'll run your own business.

In this chapter, we'll take a look across other industries, review the competition, survey prospects, and write a winning business plan: these are the first steps in building a successful web development business.

We'll explore the concept of benchmarking your business against those of your competitors, as well as successful businesses within other industries. As well as explaining the techniques involved, I'll take you through some real-life business case studies and explain how you can apply their successful strategies to your own operations. You'll pick up some great tips that took me years of trial and error to learn, and hopefully you'll avoid the costly mistakes I made.

Prospect surveys are another invaluable source of information. In this chapter, we'll consider the kinds of questions you should ask potential clients, and how you can apply the information they provide in their answers to deliver better service to all your clients.

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Lastly, we'll take all the information you've gained by analyzing the businesses of your competitors, and discuss how you can use this to form the basis of a good, solid business plan.

However, before we begin, we'll ask that all-important question: is there a market for your services?

Evaluating the Market

Perhaps you lie awake at night thinking, "Can I really get enough jobs in the door to make a living from my work?" Maybe you ponder new geographical areas, wondering, "Is it worth the effort to move into that locality? Will it offer me a larger potential market?" These questions plague freelancers and small business owners, but they are great questions to ask. They're even better if you ask them *before* you start your own business!

Importantly, you should take the time to assess whether or not there is a demand for someone with your skills. By "assess," I don't mean idly reminiscing about the last freelance job you landed, four months ago, and convincing yourself that this could happen every month if you could just quit your day job and focus on freelancing. Before you start, you owe it to yourself to do a little research to ensure there's an opportunity for you and your business.

Do you really need to assess the demand for web developers in your local area, though? As web work can be completed by practically anyone, anywhere, some might suggest that there is enough demand in the world to give you more than enough work! Nonetheless, what is likely to happen for your business is what happens for most web developers—the bulk of your work will come from within a 50-mile radius of where you're based. Is there enough work within that area to support you?

Here are the main criteria I'd use to make the judgment:

population base

Is it increasing, decreasing, or stagnant?

business activity within the area

Is it on the increase, or in decline?

business infrastructure

Is a workable business infrastructure set up? Are there banks, post offices, office supply stores, office furniture dealers, employment agencies, and so on?

demographics of the population

What's the average household income?

Identify your client profile, and assess whether or not these people are within your catchment area. For example, if your client profile is for major corporations with turnovers of \$100 million plus, you're unlikely to find that business in a country area. However, if your client profile is for small tourism operators, and you live within a tourist town, then you may perceive an opportunity.

Would possible neighbors be compatible? For instance, if you're located within an industrial estate, that may not be great for business. A professional services environment (containing the offices of accountants, lawyers, architects, and the like) may provide a better marketplace for you.

Assess the competition, too. If there are a reasonable number of competitors within your area, you can see this as either a negative or a positive. Services are obviously required, otherwise they wouldn't be in business. Yet competition means fewer clients per business, which is a bad sign. Consider whether the market is established or rapidly growing. Is the market stable, or is there a high rate of churn within the businesses?

As you can see, the factors you'll consider are many and varied. Remember that you require a decent size and type of target market, and that you need the relevant business and market trends to be positive—and you'll make a step in the right direction!

Benchmarking

I had better confess right here and now that I'm a thief. I steal a lot. Now, before you all begin composing emails to express your outrage, I'd better explain what I mean. I "borrow" the ideas of successful people, whether they're in my industry or not. It's the simplest, most obvious way to figure out what to do in order to be successful. In effect, you're using the successes or failures of others as a benchmark for your own efforts.

In business, it's also important to learn from your own mistakes and successes. For example, I run a web site that sells a particular cream to help people with eczema. I had that cream and the web site address mentioned on one of this country's leading current affairs television shows, as we'll look at in more detail in Chapter 16. Overnight, business skyrocketed. Suddenly, we had to employ 12 new staff just to fill the orders. Now, I've just started another web business, selling travel packages. Guess how I'm attempting to market the product initially. Via search engines? No. Email campaigns? Nyet. Perhaps ... on a current affairs program? Bingo!

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You really can learn a lot by taking a look at McDonald's. Let's check out what that company does, and see how it can apply to us as web developers.

- McDonald's advertises to its target market, and keeps its potential customers fully informed about what's on offer.
- It's easily accessible by the vast majority of people living in towns.
- It has an enormous sign in front of each store, indicating exactly where it's located.
- When you enter a McDonald's store, it's always clean, bright, and cheery.
- It has a price list and a specials board.
- The staff ask what you'd like to buy: "May I take your order?"
- The staff are almost always cheery, clean, and professional.
- The staff always ask, "Do you want fries with that?"
- It provides significant added value: playgrounds, free newspapers, bottomless coffee, and more.

Now that we've identified what McDonald's does well, let's see how these lessons translate into our business—selling web development services.

Advertise to your target market.

McDonald's doesn't take out ads in pensioners' magazines—that's not their market. Their market is children, so they advertise on television at times when children are most likely to be watching.

What can you, the budding entrepreneur, take from this benchmark? Identify your own target market, which may include business owners, marketing managers, and so on, and find out what media they use, where they gather, where they work—as much information as you can.

Now make them aware of your offer. You could use any of a diverse range of tools that are suited to your audience's habits. Take out an advertisement in an industry magazine, launch a press conference, or perhaps complete a direct mail campaign.

Make yourself easily accessible.

Put your phone, fax, email address, and web site URL on everything you send out. Be aware that many potential clients will deal with you only if you're physically close to them or their offices.

Use signage.

If you have an office, display a sign in front that potential clients will immediately identify as yours. Make it as big as you can, and design it so that prospects will associate it with your brand and your business as soon as they see it.

Make your business bright, clean, and cheery.

This point applies even if you work from home! Make sure your business literature looks fabulous and that your presentation materials, such as letters and proposals, are free of typos and silly errors.

State your offer.

And state it simply and clearly!

Ask for the business.

Don't just shoot off a quote. Walk your client through the proposal, and then ask, "Would you like us to work on this project with you?"

Be positive, cheery, and accommodating.

Always, in every circumstance.

Ask for "follow-up" sales.

It's easy to ask, "Well, we've completed your site. Would you now like us to maintain it?"

Provide added value.

Don't ever do what you say you will—that's for those businesses that are going to fail. Always do more. Not just sometimes—all the time. Moreover, be sure to tell clients you've given them that free bonus service, those extra pages, and the rest.

Benchmarking Within your Own Industry

Benchmarking great businesses in unrelated fields can provide great insights that can help make your business a success. But what about benchmarking local business in your own industry?

We benchmark against our competitors whenever we can. For example, we generally benchmark right after we win a job—we ask the client why we were chosen, instead of the competition. The client will likely tell us everything we could possibly want to know, and they're often quite candid in their comments.

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As a result of our benchmarking activities, we've gleaned quite a lot of competitor information. We know exactly what our local-area competition charges. We found this out by asking our clients, and visiting competitors' web sites. Once we receive the detailed brief from our prospect, we can usually estimate with some accuracy what the opposition will be quoting. Some people disagree with asking clients for information about how our competition works, but I struggle to see the problem. This is a competitive world and I'm not here in business for fun. I'm here to generate a profit, and I want every bit of competitor intelligence I can get my hands on.

If we know what the competition will be quoting, then, more often than not, we'll quote more. In order to win the job with this more expensive quote, we demonstrate why our proposal represents much better value for money. We also give the prospect additional recommendations to show that we know what we're doing, and that we're serious about the job. Now the prospect has a proposal that pushes value for money, and we've added a few extras that we suggest they shouldn't do without.

Keep your ears and eyes open, and you'll start to see the advertising strategies of your competitors. The tricky part is to assess what forms of advertising have been effective for each competitor. This is where a survey can come in very handy.

- Visit your competitor's web site.
- Have a look at the client list that it proudly displays for you.
- Call every one of those site owners and say, "We are doing a survey on how web development firms market. The question we're asking is, 'How did you first hear of the company that designed your web site?'"

After about an hour, you'll know exactly how your competitor attracts all their clients! Now create your own promotional campaign using whatever tactics worked for that competitor.

Add in a few other marketing strategies and you'll have a far superior marketing plan to those of your competitors.

Following the Process for Success

To give you an idea of the kind of competition you'll be up against—and a little competitive insight!—here's the process we use to deliver a sales pitch for a web site. It's not the be-all end-all perfect process by any means, and we're constantly improving it. How? By benchmarking the competition, of course!

initiation

The prospect rings the office and tells me they want a web site. I make an appointment to meet with them in three days' time.

letter of thanks

As soon as I'm off the phone, I send a "thanks for the call" letter confirming the time and place of the meeting. I include a business card. The prospect receives it the next day.

research

We do as much research on the potential client as possible, including when the company started, its products, the people in the firm, and any other details we can find. This research takes a couple of hours.

When I started out, conducting the research on prospects was quite a tricky task. As I've become more experienced at it, though, it's become a lot easier. There are three key techniques that I use to research new prospects:

technique #1

This technique works particularly well if the prospective client has a decent-sized business. Ring them up, tell the receptionist that you're preparing to meet the company for business, and ask as many questions as you like. If you're honest and upfront, it's rarely a drama. And, if the prospect finds out you were ringing up asking for information about the history of the company, they'll be impressed that you took the time to research their company thoroughly.

technique #2

Research the company's web sites, brochures, and other marketing collateral. Email the company for information, ask their customers about them, visit their offices, and buy from their business.

technique #3

Visit the library, virtual or otherwise. Perform a literature search for information on the company, its operations, and the person or positions you're scheduled to meet. You'll likely find plenty of information, particularly if the company is a large one.

meeting

I arrive—right on time—to the meeting, wearing a perfect blue suit and tie, which also happens to be the prospect's corporate color. I open the conversation with some small

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talk, telling the prospect what an awful weekend I had because I shot an 85 on the ABC Golf Course. The prospect exclaims, “Really? I’m a member there. I love golf.” What a coincidence—yes, my research has just paid off!

We finish the small talk and get down to business. I bring out a manila folder with the prospect’s name, position, business name, and logo on a sticker on the front. Also evident is the time and date of the meeting. I pull out a six-page assessment form that I’ll use to identify their needs and wants. We go through this together, and I make many notes with a handsome fountain pen.

After an hour-long meeting, I thank them for their time, tell them I’ll be in touch again on Thursday, and leave.

letter of thanks

Back at the office, I draft the “thank you for your time” letter and post it off to the prospect.

follow up

On Thursday at 9.00 a.m., I call and let the prospect know that we’ve reviewed their needs and wishes, and have a draft proposal ready. I explain that we need to go over the draft to ensure I have everything straight, and I make an appointment to meet with them again in three days’ time. I send off a letter confirming that appointment.

second meeting

I go to the next meeting with a neat, concise overview of what the prospect’s needs are, and what we need to work on together in order to achieve them. I toss in a few case studies describing the work we’ve done for previous clients to show that we have a complete understanding of what is required.

The prospect says, “Yes, that’s exactly what we need.” In answer to my asking when our quote is needed: “It’s quite urgent, so I’d like to receive it by the middle of the week.” I promise to deliver the quote to the prospect by Wednesday at 4.00 p.m.

You guessed it—the prospect receives another letter to thank them for their time.

proposal delivery

On Tuesday at 9.30 a.m., the prospect receives the quote from us via courier. We’ve attached a polite note explaining that, as they needed the quote urgently, we worked on it over the weekend to have it ready early.

The quote itself is actually a 30-page, nicely bound proposal that reiterates the prospect's needs and desires, and shows how the site will address them. Most importantly, we try to estimate the financial benefits to the prospect of the site. "With the newsletter solution we've recommended, you can simply email your clients each month. This will save you \$500 per month when compared to your current client contact system."

The proposal also includes testimonials from previous clients, with contact numbers, proposed site flow charts, and a timetable of exactly what steps are required in the project and when each would occur.

We provide profiles of team members who would work on the site. Our FAQ section has 20 of our most common questions and answers. We include copies of articles from computer magazines that have reviewed our sites, and a CD-ROM that contains examples of sites we've built.

proposal meeting

I visit the prospect as promised, go through the proposal with them, and ask if there's any questions regarding the proposal. Once we've discussed these, I ask for the job: "Well, then," I say, "would you like us to work with you on this project?"

letter of thanks

When they say "Yes," we send them a letter to thank them for choosing us, along with our first invoice of 50% of the total quote. We include a reply-paid envelope that can be used to mail us the check.

thanking the referrer

I then send the person who referred this client a letter to thank them for the referral, and take them out for a very nice dinner with their partner.

following through

As it turns out, we don't stick to what we've promised to complete on this particular job. We do *more*: two extra pages, a little extra search engine optimization work, and one or two other tweaks.

on completion

When the site is finished, I take the client out for lunch and thank them for the assistance with the project. I tell them what a pleasure it has been to work with such a professional group.

While typical of the way my business works, this process actually describes a real job we completed. After we started work on the contract, I found out that the other two firms

that pitched for the job never met with the client. They took the details over the phone in a ten-minute conversation. Both provided a one-page quote a week later, one of them hand-delivering it wearing a pair of gardening shorts.

Take a stab in the dark and guess who the client signed on to keep their site up to date, submitted to the search engines, and more—at a very hefty fee! That client—four years later—has gone on to be one of our biggest and best clients. We have since completed a couple of site redevelopments for him, several new sites for different businesses, and enjoy the benefits of being associated with his hugely successful main business.

The benefits to be gained by reviewing the practices of not only your competitors, but the leaders in almost any industry, are enormous. A web designer is a web designer is a web designer. The only way to differentiate yourself from the next web designer is in the way you go about your business. If you do things such as servicing your clients better than the opposition, then you'll have a significant competitive advantage. When you appear to be the best, you'll have clients queuing up to work with you.

Gain an advantage now. Analyze the competition today—it has plenty to show you.

Key Points

- Research where you'll gain work, assessing the population base, business activity, infrastructure, and demographics of the area.
- Benchmarking is an excellent way to learn what's important to customers and identify systems that big players have used to meet clients' needs.

Conducting Surveys

Surveys are one of the most effective tools for the web professional, and they're also one of the most underutilized. Delivering more than just facts and figures, surveys can:

- position you as an expert
- generate well-qualified leads
- provide sensational marketing information

People love to read poll and survey results. Have a listen to your local radio station, and you'll soon find that the release of survey results, accompanied by a quick quote from the person who carried out the survey, regularly constitutes a news story.

All kinds of surveys can be useful—from studies carried out by major sources, such as government departments, to market surveys completed by little old you. The information available through these sources can be worth literally thousands of dollars to freelancers and small business entrepreneurs.

To illustrate the impact of what a survey can do for you, here's part of a speech my own brother made about some work we'd done together. This extract describes how we used surveys to find out what his customers wanted, and what he then delivered to them—along with a few unexpected extras.

Example 2.1. How a Simple Survey Changed a Business Forever

My brother Brendon moved to Queensland to work in big business marketing. I remember asking him one day, “Could you take a look at my two-person business, which turns over \$150,000 per annum doing residential landscaping, and give me a few marketing tips?”

Just two years later, we owned Queensland's fastest-growing business. My turnover had increased sixfold, my profit by even more, and I'd won a number of prestigious business awards. We increased the size of my workforce eight times, and started an apprentice intake. We had a huge commercial nursery, and we operated the nation's largest online retail nursery.

So, how did we do it? Well, I'd like to tell you some story about how difficult it was; how it was an absolute slog to survive those two years, working 100-hour weeks, never seeing the wife and kids. But I can't, because it would all be a lie. It was easy. The easiest work I've done in the last 20 years was during these past three. Now, instead of working 70-hour weeks, I probably work 40 hours. I haven't got my hands dirty for a good while—haven't dug a hole, or carried turf all day long. This is how we did it.

The first discussion my brother and I had was specifying where I wanted to be in two years' time. What did I want to be doing? How would I like the business to develop? Then, Brendon took a good look at my business, analyzed the costs, and asked a million questions. Then he confessed he didn't know how we could expand the business; he didn't have a clue. But he said he knew some people who *did* know how to help me—and he had their names, their addresses, and their phone numbers.

So Brendon sat down and wrote a letter to my old customers, as well as some executives within nearby construction companies. He made a few calls, wrote a little survey, had some prepaid envelopes printed up, and posted it all off. He sent out 100 surveys; we got

96 back. Brendon tells me that the usual return rate is about 3%. I think he must have cheated. In fact, I know he did—the first thing he did was ring up all the people on the list and ask them what questions they thought should be in the survey. He even asked what would entice them to return the survey. They said, “a prize,” so Brendon did exactly what they suggested.

Once he’d asked them about the survey, Brendon wrote to those 100 people to thank them for their help. Then, after he sent the surveys off, he rang everyone again, to make sure they’d received the survey and to see if they liked it. Then he wanted to thank those people who sent the survey back to us, so he sent them each a card with two one-dollar scratch-and-win tickets in it! He chose to send cards because people keep cards for an average of something like eight days, while letters are tossed straight away. So there was my card, sitting on the desks of the people I was trying to impress, cluttering things up. And they knew who to blame too, since the card had my business name printed on it—outside and in. Brendon even had me write a personal thank-you note inside each of them! Once we’d drawn the winner of the survey competition and sent off the prize, we sat down to see what people had written—there was some interesting stuff in there.

We discovered quite a few things about our customers and prospects—how they’d heard of us, how they usually heard of landscapers, what their most important criteria in selecting a landscaper were, and what they felt was the most important thing a landscaper could do on the job. We also knew why they chose the landscapers they worked with, which let us identify how we could do things better.

So I asked my brother, “What next? Just how big do we make our Yellow Pages advertisement? That’s the only form of advertising we’ve ever done, and we’ve been in business for 18 years, so it must work, right?” Well, actually, no. Brendon pulled out the survey results to the question that had asked customers how they’d heard of us, and of all 96, not one had found us through the Yellow Pages. Ninety had found us by talking to other people—through word of mouth. The other six had seen our on-site sign. So Brendon took the names of all the people who had referred clients to us over the past two years, and sent all of them thank-you cards. He even sent chocolates and wine to one guy, and told me to take him out to lunch, because this client had referred us eight customers in the past 12 months. And he made my Yellow Pages ad smaller.

Next, we started a database of all our clients, prospects, their receptionists ... all the people who were important to our business. We printed up some brochures. We even changed the name of the business, after we asked our ten biggest potential clients what we should

call ourselves. We started our quarterly newsletter, and asked clients what they wanted us to include in it. Knowledge is power! Let client consultation guide your marketing efforts.

Over the next year, we generated the majority of our work from the people we'd surveyed—what a coincidence! And, after the survey, the first six jobs we won were the six biggest contracts the business had ever completed.

Then came the web site. We were about to print some more brochures when Brendon looked over our survey again, and discovered that almost 90% of our clients had Internet access. If we launched a web site, we could provide far more information than a simple brochure. It could change every day—we could even demonstrate our work with before-and-after shots of projects we'd completed. And, it was going to be cheaper than putting brochures together. Brendon, at this time, owned one of the state's largest web design businesses, so he offered to do a site for me.

The rest, as they say, is history! We completed the survey just as I've described, and the information we received from that one survey completely transformed my landscaping business. We established a rapport with the target market, kept in contact with them, and when those clients needed landscaping, we were the company that came to mind.

Getting your Name in Print

Can you survey 20 people in the next week? Maybe you could publish the results in a local newspaper. Do this a few times, and you'll very soon have a reputation as an Internet expert and a great media source.

Some basic rules for your survey:

- The shorter your survey, the better!
- Provide an incentive for respondents to complete the survey.
- Face-to-face contact attracts the best response, followed by communication by telephone, email, and lastly, mail.

Start by defining the objective you'd like the survey to achieve. It might be as simple as developing your database. From there, it's a simple matter to develop your survey around, and assess the results relative to, this goal.

Deciding who to survey can have a significant impact on the relevance of your results. I always find it more effective to survey people I'd *like* to have as clients, closely followed

by people who *are* already clients. Surveying people you'd like to have as clients allows you to initiate a relationship with them—and gives you the potential to make an offer to them down the track. By surveying existing clients, you help position your business as being proactive. These clients are always receptive to an offer at a later time.

You don't have to be a psychology graduate to put a good survey together. In fact, to get you started, I've included sample surveys in the documentation that comes with this kit. You'll need the files entitled **Web Development Firm Selection Survey** and **Business Management Approach Survey**, along with the **Survey Cover Letter** and the **Survey Follow-up Letter** files that are also found on the CD-ROM.

Give it a try. Benchmark other surveys and test, test, test. Before you know it, you'll be the survey guru—with all the leads, perceived expertise, and market information you can handle.

Do you Really Need a Business Plan?

Are you kidding? Of course you need a business plan!

Businesses that have a business plan are far more likely to succeed than those that don't. That's a great reason for having a business plan right there. As we've already mentioned, it makes sense to benchmark against successful businesses. So the question isn't about whether or not to have a business plan. Instead, ask: what sort of business plan is best for you?

Did the last business plan you saw work? I'd be willing to bet that it fell short of expectations. I've consulted to a huge variety of businesses, and from what I've seen, most business plans are brilliant, but few meet the goals set forth in their pages. Why? They're boring enough to put an insomniac to sleep.

If you want your plan to survive the pressures of daily routine and changing priorities, then you have to build it with strong foundations:

- ownership
- milestones
- measurement

These solid foundations give a plan structural strength, with concrete specifics that can be checked, followed up, measured, and implemented.

You've done your research, benchmarked successful businesses, analyzed your competitors, and surveyed your current and prospective clients. Put all this information to work—develop a business plan to follow to lead you down the road of success.

Developing a Good Plan

Ownership means accountability. Plans fail more often due to “who” problems—the allocation of responsibility—than because they lack concrete goals.

A good business plan assigns specific responsibilities for specific tasks. Who's in charge of developing client relationships? Who's in charge of the direct mail campaign? Any parts of the plan that aren't clearly owned are unlikely to be implemented. Set the objectives, assign ownership, and then measure for success.

Another reason business plans often fail to work is due to the fact that they're too cumbersome and difficult to follow. It makes no sense to present a beautiful 150-page business plan, and have it sit on the shelf. Your business plan must be functional and useful. It must be a working plan. Your business plan might be one page. Excellent work. It might be 20 pages—that's fine, too. Your business plan should be as detailed as it needs to be in order to be useful.

Just what should your business plan contain? Well, it should contain whatever you need it to, in order to be useful! There are a few essentials, so let's look at them now. You might also like to review the sample business plan I've included in this kit's documentation: see the files called **Example Business Plan** and **Example Business Financials** on the CD-ROM.

A Goal

Make your goal specific and easily measurable. “I'll have a successful business within 12 months” doesn't mean anything. Making your goal “I'll have revenue of \$100,000 within 12 months” is measurable and specific.

You can break this objective down to monthly and weekly goals. \$100,000 a year is just over \$1,900 per week, and one decent web site per month should see you achieve that goal. Since it's achievable, you believe you can do it—and what you believe, you can achieve.

A SWOT Analysis

A quick refresher: SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. Once you've analyzed your business along these lines, you'll be in a strong position to develop realistic strategies to meet your objectives.

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For example, if you put PR skills down as a weakness, you won't be likely to include a concentrated media campaign as part of your strategy. If you're a wizard at writing powerful letters and have a fantastic database of contacts, however, then direct mail might be an appropriate tool for you to use.

An Operational Plan

Document an operational plan, including a marketing plan, budgets, the staffing required, and your policies and procedures.

Think about how much money you'll need in order to get your business up and going, and mull over the tough questions: will you need credit facilities? Should you take a business partner? You'll find a comprehensive marketing plan included in the documents, but the documents provided, and any marketing plans or budget examples for that matter, should only be a guide. You can choose them as they are, but you'll almost certainly have better success if you use the documents as a base and adjust according to what works best for you.

Looking at the Bigger Picture

Looking at the bigger picture is vital. The biggest failing I've seen in most businesses I've worked with is where the owner is simply too busy working in the business to step back and think about how they can grow the business. There's too much to be done, they say; they'll get around to it later. Usually, they never do get around to it, and so their business struggles and eventually dies. Don't you fall into the same trap.

It *can* be difficult to focus on the big picture—it's only too easy to become caught up in dealing with day-to-day logistical issues: the hosting's down, the email's not working, the client needs a design draft yesterday, and on it goes. The biggest reason businesses fail is poor management. When I say "poor management," I'm talking about two key issues:

a lack of financial resources

You're a bad manager if you don't know how much money you need to start, run, and grow your business.

a lack of customers

You're a bad manager if you don't know how to attract customers.

Quite often, poor management ends up being the reason people fail to put aside time to look at the bigger picture. Make a giant effort to step back and work *on* your business rather than *in* it.

Key Points

- You *must* develop a good business plan.
- Identify your goal, your strengths and weaknesses, opportunities and threats.
- Maintain a bigger-picture perspective—aim to work on your business, not in it.

Summary

In this chapter, we discussed the first important step in developing a freelance or small business—understanding the market.

We talked about a number of tools you can use to do this, including researching the marketplace, benchmarking, and customer surveys. Along the way, we looked at a few case studies that explained how these tools can be applied in the real world.

We finished the chapter with a discussion of the business plan—a document that's critical to any business's success. We talked about how to take all the information you've gathered, and develop your findings into a complete plan that addressed for each business goal the three important elements of ownership, milestones, and measurement. Finally, we considered the importance of making time to step back and look at the bigger picture.

Now, you understand the market, and you've got a plan. What's next? Well, before we launch into the wide world of web development business, let's take a closer look at the most important part of your business—your greatest asset, your secret weapon. In Chapter 3, it's time to take a long, hard look at ... yourself!

Chapter 3

Presentation, Perception, Perfection!

Seven seconds is all it takes. Those first seven seconds of meeting someone will, generally, make or break you in their eyes. There are no second chances at a first impression.

In this chapter, I'll talk here not only about your personal appearance and associated physical image, but your business image in general. Image counts—an enormous amount. Your image is under review from the moment someone comes into contact with you, whether that's via the telephone, a letter, or at the first meeting. Your image is under review every second of your working day.

We've all read the studies. The modulation of your voice accounts for 35% of the impact you have on others. A whopping *95% of our communication is non-verbal*. Better-looking people get more rapid job promotion. Personal presentation is a key factor in gaining employment.

If image and presentation are so important, then why don't people put more effort into the way they appear? I have no idea. I do know, though, that almost everyone I speak with says, "It's wrong to judge others so quickly, and I never do it." They're kidding themselves—we all judge others in an instant, and we then make decisions based on that first impression. We've been doing it since we started walking upright.

Maybe it's simply too hard; maybe people don't recognize the importance of their image; maybe people don't know what a difference it makes. Reality hurts, but it's true: style will often beat substance. "How can that be?" I hear you ask. Well, as I said, people will

make a decision about you within seven seconds of their first contact with you. It's almost impossible to alter that perception once your seven seconds are up.

Based on that, a prospective client will check out the way you dress and, on this basis, make assumptions about the quality of your work. A prospective client will judge your trustworthiness by the way you shake their hand. A prospective client will decide whether or not to do business with you on the basis of how often you make eye contact. Not all the time, sure, but a lot of the time. You may be thinking that this is a little harsh, or a little superficial. Welcome to life! Life isn't fair. There is often no logical basis to the decisions people make, but they make them anyway.

But what works best for you? Just how can you put your best foot forward? In this chapter, we'll find out.

First, we'll get personal. We'll look at the issue from your perspective, and consider the major elements you need to address in assessing your image.

Then, we'll look at presentation from the perspective of people you want to impress—your prospects and clients. We'll explore the notion that perception is reality, and we'll discuss some of the ways in which you can encourage others to really believe what you say about your skills, professionalism, and success—in short, to believe in you!

Finally, we'll consider the impact that your presentation has on the task of selling yourself. In particular, we'll review a case study that proves just how important perception is to the success of the sales process—and to your business's viability in the long term. But first, let's take a look at how you measure up ...

Do you Measure Up?

Your image consists of many, many elements. The way you look, what you say, the way you sound, what you drink, what you eat, how you eat, what car you drive ... the list goes on. And it's crucial to make sure each of these elements says the same thing at the same time as all the rest.

Recently we had a prospect coming in to discuss the development of her web site, which sells feminine products. The deal hadn't been closed and the prospect was assessing another web development firm besides us. We'd just employed a new female web designer. Now we usually don't take the junior web designers into the initial prospect meetings, but I thought there might be an advantage in demonstrating to the client that our design team is not without its feminine element. Sure enough, the female prospect came in, I

introduced her to Tina, and the prospect said, “Oh, thank goodness! A female designer—finally someone who will understand what I want.” We won the job on the spot, and developed a site that the client loves. Tina had very little to do with the site, but the client assumes Tina did everything and that this had a positive impact on the look and function of the site.

Not long after I’d read the statistics about the importance of those first seven seconds, I had to hire new staff. I kept in mind those seven seconds and tried to judge what my impressions of the people were immediately upon meeting them. I found I made judgments almost instantly, as did the other interviewer involved in the process. You might wonder, then, if we were the right people to interview candidates for the vacant position. I figure we were—we all make judgments, and if my initial assessment of a candidate was negative, then I figured that was also likely to be my client’s first impression.

I’ve spoken with a number of businesspeople about the importance of the first impression, and the feedback was startling, to say the least. Most of the people I interviewed saw a weak handshake as one of the worst characteristics a stranger could display. Comments ranged from “it’s disrespectful,” to “it makes me assume they’re not up to it,” and “they’re not a ‘doer.” Other big turnoffs were tattoos, men wearing earrings, goatee beards, and talking too much. Almost universally, the points identified as most desirable were neat attire, a firm handshake, steady eye contact, and good grooming. You may be a person of substance, but if you dress like a slob, never brush your hair, and don’t shower, you will rarely get any work.

So, do you measure up? There is so much that impacts appearance—we’ll take a look at just a few of the major points.

Personal Presentation

By **personal presentation**, I mean the way you dress and your personal style. The clothes you wear will obviously vary from day to day, but the rule is clean, neat, and appropriate. If you’re having a meeting with a high-powered corporate team, then a suit is the choice to make—anything else is just business suicide. But if you’re meeting Mr. Jones in his home office, slacks and sports jacket might be best.

Remember the old rule—aim to be the best-dressed person at the meeting—and you’ll be fine. If you’re a man, clean-shaven is considered the most professional by the majority of people. Regardless of sex, you must be clean, neat, and tidy—freshly showered, with well-brushed hair and a shiny white smile.

Communication Skills

The way you speak is as important as what you actually say. This seemed crazy to me when I first heard it, but plenty of studies support this claim. Speak clearly, with a well-modulated voice and clear articulation, and you gain a great advantage. I'll mention this again a little later, but speech training via your local ToastMasters or speaking organization can be a little effort for tremendous reward.¹

I'm the world's biggest advocate of written communication as a key element in success. If I had to choose one strength of my own that has given me my biggest business advantages, I would choose communication skills, particularly in the writing of letters. I've already mentioned that I write "thank you" and "nice to meet you" notes at every opportunity. With the advent of word processors, the handwritten note has gone the way of the dodo—which makes it all the more effective.

A handwritten note has an immensely powerful effect. Find a decent quality cotton-fiber paper, preferably with a watermark, or a good-quality plain card to use as your personal stationery. Use this product, which will become a trademark of sorts, when writing all your thank-you letters. Above all, ensure your written communication is free of spelling and grammatical errors—have someone else run their eye over it before you send it, if spelling isn't your strength. The recipient will instantly see you differently, and it will be in a very positive light.

A couple of years ago I was invited to a major sporting event by a colleague. We were to be the guests of a friend of his, named Paul, in a corporate box. I went along and had a great time—there was free booze and food! My mother always said, "Use your manners, Brendon," so the next day I sent off a sincere letter to Paul saying how nice it was to meet him and thanking him for his hospitality.

A little while after that, Paul invited me to another event. We got along well and have since developed a good friendship. Paul happens to be a high-profile businessman in a large city, and has opened doors to a whole new world of contacts and possible business associates for me. There isn't a person of influence Paul doesn't know in that city, and he has been instrumental in my gaining quite a few business deals.

I'm 100% convinced that if I didn't write the thank-you note, I would never have heard from Paul again. Good manners make a great impression because they seem so rare these days.

¹ <http://www.toastmasters.org/>

Handshake and Eye Contact

Your handshake is critical. Test your handshake on family and friends and ask them what they think. Almost every person I speak with sees a handshake as a critically important aspect of how you are initially perceived. It's not exactly a fine art, but the consensus is that your handshake needs to be direct and firm, not overpowering or slack.

Your eye contact must be consistent. Don't have those eyes darting around beadily—body language experts suggest that eyes that lack steadiness can give the impression that the person is deceitful. Look at the person directly in the eye when you speak with them. It's an absolute must to hold eye contact when you're shaking hands, too.

We'll talk a little more about presenting yourself in the next chapter.

Key Points

- You have just seven seconds in which to make a good impression.
- Polish each aspect of your presentation—from written communication to personal grooming—to give yourself the best chance of success.

Perception is Reality

This is the first kit I've ever written. Since the publication of the first edition, people see me as an "author," which seems terribly impressive to some. Being an author has boosted my credibility to unimaginable heights, and has completely altered people's perception of me. They've made all sorts of assumptions—one being that when I consult I am hugely expensive. Another is that I must be a great writer. Yet another is that my business is immense, and that I have employees travelling the globe working with business leaders of only the biggest corporations.

All these assumptions are wrong. I keep telling my family how very important I am, but my wife still makes me take out the garbage.

The point here is that it doesn't matter how talented you are at what you do, or how great you are to work with; if your initial appearance doesn't impress, you may never have a chance to show the clients the qualities that really matter. As far as successfully winning jobs is concerned, the client's perception is the reality, regardless of the facts.

How Do Other People See You?

If I were a betting man, I'd wager that the way you see yourself is not the way others see you. Just how do you find out how others see you? Well, asking them is the best and easiest way, but you might feel a little silly doing that, and they're unlikely to tell you anything they think you won't want to hear.

When you change your appearance or image, people will notice, and they'll comment. I found out how others saw me when I purchased a top-quality dark-blue suit. This suit was fabulous, and when I wore it, I felt like a king. One of the first comments I received was, "Wow, a suit. You do look professional." On the surface, it seems like a nice compliment, but considering it a little deeper reveals that the comment implied that I didn't usually look so professional—a subtle hint right there.

What about you?

- 🗂 What does your business card say about you?
- 📞 What about your phone message?
- 👗 The way you dress?
- ✂ How about your haircut?
- 🚗 The car you drive?



Crazy, but True: Rethinking the Goatee

It's widely advised on web sites and publications devoted to successful job application that men reconsider that wild facial hair before going for the interview. Statistically, clean-shaven men have a better chance of winning a job. I even read somewhere that men with goatee beards were viewed, unconsciously or not, as being potentially more aggressive, while clean-shaven men with short hair were judged to be the most approachable. Now, obviously, you may have a goatee beard and be as gentle as a lamb, but if there's any chance people will assume you're aggressive, this style may not be the best look for you. It's a silly prejudice, but these preconceptions do exist in this world we live in, and you need to be aware of them.

It's no accident that people in positions of trust, and who need others to trust them in order to make a sale—doctors, lawyers, politicians—dress the same, almost without exception: a dark suit, a white shirt or blouse, a dark tie, a pair of sensible black shoes. Hair is typically cut short for men, or held in place without a hint of movement for women. People trust well-dressed people—thus, it's implied that if you aren't well-dressed, then you aren't trustworthy.

How you see yourself is not how others see you. People will pick up the tiniest detail and attach undue importance to it. This is the nature of perception—and for our purposes, perception is reality. You may have been told all your life not to worry about what others think of you, but business is one aspect of your life where you'll need to turn that thinking around. It may not matter to you that you dress for comfort, but you're kidding yourself if you think it doesn't matter to others.

Projecting an Image of Success

Creative people often seem to possess the attitude that they're so talented that their appearance doesn't matter; they're above all that. Sloppy jeans, a bright T-shirt, and running shoes might look cool, cutting-edge, and creative; certainly, that dress code might be okay for the employee of a creative-type studio. But if you're running your own business, a sloppy appearance could be costing you thousands and thousands of dollars in lost business opportunities.

So, what image works best for web developers? How about graphic designers? Or programmers? The image that I find works best is the one that you feel most comfortable with. If you don't feel comfortable in a suit, then don't wear a suit—you'll only look out of place and uncomfortable, and clients will pick that up in an instant. But here's a funny thing. Back when I started in this industry, I almost always wore a suit when I dealt with clients. That was the only outfit I felt right in, because that's what I thought the client expected. As I became more established and more confident in myself, I started to relax my dress code. Now, I generally wear a sports jacket and slacks. Because I feel more confident, I'm more relaxed; I think that comes across to the client in a very positive way.

You can learn to project the image you want: an image that tells people exactly what you want it to say, and will help you build a profitable web design business. So, what image should you project? Hard-working? Creative? Powerful? Efficient? Professional? Mature? Organized?

When clients want to develop what is a critical part of their business strategy (a web site, graphics, programming, and so on), they don't hire the cheapest provider. They want the best; after all, they'll be risking their hard-earned dollars on the project. You have to look the best, or you'll damage your chances of landing the work.

Your image is part of the show you put on to make clients feel comfortable selecting you to work with. The clients want someone they can trust, someone who makes them feel comfortable, and someone who meets their expectation of what a service provider in that industry should be. If the image of professionalism is what you're after, then dressing in

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jeans and a T-shirt and sporting a three-day growth just will not cut it. If you want to project creativity, then a three-piece suit, pipe, and monocle won't inspire, either.

It's a matter of trial and error, but experiment with different styles and different looks. Make sure you're clean, well groomed, and well dressed (whether that's a suit or a sports jacket), and you'll be on the right track.

Presenting Yourself

Remember, you have only seven seconds to make a great first impression. You need to be the best-dressed person you'll see today.

Presentation doesn't end with your shiny shoes, however. You may look terrific and project yourself as a high-level professional with expertise and experience, but if your business correspondence is full of spelling errors, bad grammar, and printed on poor-quality paper, that image of professionalism will very quickly crumble. One of our best clients absolutely hates typographical errors. He sees businesses that do sloppy work in this regard as having extremely poor attention to detail and he won't work with them. You don't want to lose a client because of a simple typo—but it can happen.

How does your business card look? Was it selected because of the bargain price? Or was it selected because the linen-type card projects an air of success and affluence? Your business card might seem like one small aspect, but it represents your business, and so it can make a big impact on how your business is perceived.

What color is your logo? My logo is royal blue—not because I like the color, but because it represents security, trustworthiness, and solidity for many people. I guess I could have chosen pink, but the effect would have been entirely different.

People will create all sorts of assumptions about you on the basis of a multitude of small, tangible aspects of your appearance. Imagine you're sitting in a boardroom meeting with a prospect. You appear calm and relaxed. Your prospect is talking. You are leaning forward very slightly, and you have your head tilted slightly to one side. Your face appears as a picture of concentration. You're taking notes on a notepad that you removed from your leather briefcase. You are beautifully dressed in a navy-blue suit, white shirt, and an elegant-yet-subdued tie. Your shoes shine like a mirror. You intersperse the conversation with some relevant and well-researched questions. You end the meeting with a courteous, well-modulated, "Thank you for your time. You've certainly provided me with the information I need to provide a full and thorough review. I'll make a start with this information and contact you tomorrow."

You've presented yourself well, wouldn't you agree? I've made that assessment on just a couple of points: you're relaxed, but you're paying close attention. You have top-quality accessories, and you're well dressed.

Presenting yourself is central to your success. Presenting yourself well projects you as a successful person, so those around you will treat you as a successful person. But notice how in the example I didn't say what sort of web developer you were: assumptions are made on many aspects other than the quality of your work.

Being seen as a success has many advantages in business, the most important being that success breeds success. If a prospect perceives you as being more successful than your competitor, then you'll have a considerable advantage when it comes to landing that client's gig—clients love dealing with successful people. Now, we know that success isn't just a single quality. As we've seen, a whole range of different aspects of a person may be considered as we form an opinion of them. A successful person also has the respect of their peers, the respect of their community, and maybe there's even some public acknowledgment of that success.

So, with all these factors coming into play, how can you ensure that prospective clients see you as successful?

Aiding a Positive Perception

First, work to develop an aura of success.

Dress as well as you can afford. Always be perfectly groomed. Get yourself fit and healthy. If you're going to be a winner, you'll have to look like a winner. Hold that head high, and walk straight, with your shoulders back. Keep good eye contact when you talk with someone. Be proud of yourself and project the confidence of the winner that you are, and no one will doubt your success.

Don't be shy about what you've done—after all, others won't blow your trumpet. You have to do it yourself.

When making a pitch for a web design job, toss in something like, "We've been doing this for five years, so we've had a good deal of success. The type of site you've outlined reminds me of a site we did for ABC. Their web site achieved 50% beyond the forecast sales, and their chairman said we were the most professional web development company he'd dealt with in ten years."

Establishing your Credibility

At a preliminary meeting I attended, a prospect mentioned something about the promises my competition was making to potential clients. After a moment, he quickly dismissed those promises with the comment: “If he’s so good at this, why does he drive that beat-up old car?”

Yes, judging someone’s abilities based on their vehicle certainly seems a bit on the shallow side, and is probably an unfair appraisal of the quality of their work. Nonetheless, that was the client’s perception—and hence the reality of the situation, as we saw. If you do drive a beat-up old car, that’s fine, but leave your pride at home and use some common sense: best not to park your rusted-out jalopy among all the Audis in the company’s lot.

Think about every single aspect of your presentation, because it is important to send the right message.

Put your best foot forward at all times: accessories maketh the man. I’m a bit pedantic when it comes to presentation. A few of the tactics I use to aid a positive perception include:

- Using my old fountain pen, not a plastic ballpoint. Probably 80% of clients comment on my pen, and I always take the opportunity to tell them that it was a gift from another client.
- Storing my business cards in a top-quality business card case, rather than just becoming tattered in my wallet.
- Using a simple, heavy gold money clip.
- Wearing cufflinks. Again, clients notice them and often comment on how people don’t seem to wear cufflinks these days.
- Carrying a rich, dark leather attaché case, not some colorful canvas satchel with a surfwear company’s brand name on it.
- If the client wears glasses, I’ll wear glasses instead of my usual contact lenses.
- If the client is a member of any old boy’s clubs, I’ll wear my club tie. Likewise, wearing some subtle mark of educational background, such as a fraternity or sorority pin or colors, is a good idea where applicable.

A suit is almost a badge for many business people and they feel uncomfortable in anything else. They also view anyone entering their ranks who doesn’t abide by their dress code with some degree of suspicion. People like to deal with people like them. This is the one time you need to fit in.

Maybe you're throwing or attending a Christmas party for your clients. What do you wear for that function? That's easy. Just remember the rule: be the best-dressed person you'll see today. A suit it is, or maybe a sports jacket. You know by now what looks strong, elegant, and stylish, and you also know that when you look great, you act great. People treat you differently.

Branding is consistency—and that's what you're presenting here. By displaying consistent behaviors, you are branding yourself as a well-dressed and, by assumption, successful person. Your appearance and bearing represents so much at all times that you can't let your presentation slip for a moment! Be beautifully groomed, neatly dressed, and carry quality accessories. Use a good firm handshake, make eye contact, and smile.

That's your seven seconds, and you've done just fine.

Presenting your Office

While we're discussing your personal appearance, let's not forget about your office, if applicable. Your office presentation, equally, needs to make the right impact and create a positive perception for your clients.

Again, that first impression is critical. Like I say, we all make instant first judgments and a dirty office doesn't do you any favors, so your office needs to be spotlessly clean. If your prospect walks into an unclean, messy office with harsh lighting, then that might not be the most conducive environment to position yourself as a considered professional. Clean that glass daily, sweep away any dust, and keep desks neat and tidy. Make sure your signage and entrance are of the highest order possible.

As the prospect comes walking through the door, they must be greeted with an interior that reflects what you want to convey about your business. That impression varies from business to business—for example, a programmer who generates most of their work from government sites might well require a more subtle approach with a sober entrance area. This might mean subdued lighting, darker colored walls, comfortable leather furniture, old-style artwork on the walls, pot plants throughout, and a mature person greeting the prospect. This will help to create a calmer atmosphere and aid the perception of your business as stable and solid. Conversely, a web designer may well prefer to have a creative reception area with bright colors, quirky furniture, and a bright and bubbly receptionist.

I've been trying to get a jacuzzi and a bar for my business for some time, but my wife's not keen on that idea, strangely enough. Now, as ridiculous as it sounds, can you imagine the word-of-mouth that would be generated by installing a jacuzzi and bar in the reception

area of your office? Or, how about if your reception desk was a coffin? Getting notice is important. Being talked about is important. Could these types of outrageous office ideas be useful to your business?

It all comes back to how you're positioning yourself in the marketplace—are you the high-energy, brash, creative type, or the well-organized and structured programmer? Or maybe somewhere in between? Develop your office environment to create the right impression for your potential clients, and push the image that will make a difference to your business.

Key Points

- ❖ Perception is reality as far as impressing clients is concerned. The way you see yourself is not the way others see you.
- ❖ Dress to suit the occasion—but aim to be the best-dressed person there!
- ❖ Aim to establish credibility, trust, and reassurance through your image and through the presentation of your office.

Selling Yourself

You are completely responsible for where you are today. You are a result of your choices until now. If you're not where you want to be, or you want a change, then change your attitude, make new choices, and let's get started on the path to success.

Our business wins 95% of all the jobs we pitch for, and I can almost guarantee we are the most expensive every time. People don't assess you on your skill level, they don't assess you on your creative genius, and they don't assess your abilities. The only thing the client is interested in is this: will you make their business money?

I'll give you an example. We won a job a while ago for \$17,000. We were up against two other designers. The other quotes were for \$3,000 and \$3,500. Why did we get the job? Are we better qualified? No. Would we finish the site faster? No. Are we better designers? Probably not. Do we live closer to the client? No. We won the job simply because we were better at selling ourselves than our competitors. By that, I mean we were better able to demonstrate to the client the advantages of selecting us. We identified what the client wanted, addressed their concerns, and made them an offer that represented the best value for their money.

The reason we got the job was that we assured the client that we would meet the project's requirements better than anyone else, and they perceived this to be true. There may well

be better designers or faster programmers out there, but the client didn't perceive that. The perception was based on our image. Remember that the clients are very rarely in a position to judge your technical suitability for the job—they simply don't have the skill. So give them clues they can judge you upon, such as how promptly you return calls, the quality of your written communication, how you dress, and so on. That, to a degree, is what they will base their decision on, like it or not.

Let's look at a little script to consider a possible scenario:

Example 3.1. Scenario One: Zack

[*The phone rings*]

"Hello?"

"Hello. My name is Bob Smith and I'm interested in having an online database developed for my web ... "

"Just wait a second, pal! You wanna talk to my boy Zack, and he ain't here right now. Call back after about four and he should be around then."

"Um, okay ... thanks."

"No problem, ciao."

That's not a good scenario. You want to present your services in the best possible light, and what has just happened here means you may not get a chance to present those services at all!

But, wait! Incredibly, Bob Smith rings back at 4.30!

"Hello?"

"Hello. My name is Bob Smith. I'm interested in having an online database developed for my web site and I would like to speak to someone about that ... "

"Yeah, sure. What sorta database you want?"

"Um, I'm not sure."

"Want me to come and see you?"

“Yes, thanks. That might be best. How about 3.00 p.m. tomorrow?”

“Nope, can’t. I’ll be at college then. Will you be in at 4.00 the day after?”

“Yes.”

“Okay, I’ll come then.”

Zack calls in at 4.10 p.m. on the agreed day. He’s wearing a pair of jeans, running shoes, and a faded T-shirt. After asking a few questions, he says, “Yeah, I can do it for \$25 an hour. It’ll probably take about 20 hours. What’s that—how can I do it so cheap? ‘Cause I work from my bedroom, I guess. Give me a call if you want me to do it.”

Impressive? No? What about this one, then?

Example 3.2. Scenario Two: Mary

[*The phone rings*]

“Thank you for calling Mary Jones Computing Services, Mary speaking. How may I help?”

“Hello, Mary. My name is Bob Smith and I’m interested in having an online database developed for my web site. Do you do that sort of thing?”

“Yes, we certainly do, Mr. Smith—it’s one of our main areas of expertise. Now, to establish your exact needs, we’ll need to meet and have a detailed chat about how best we can help. Do you have your diary handy? How does 3.00 p.m. tomorrow sound?”

“That sounds fine.”

“Thank you, Mr. Smith. Where are your offices? ... Terrific. I look forward to seeing you tomorrow at 3.00 p.m. Thank you for calling.”

When Mary arrives, she is beautifully groomed. She’s wearing stylish and elegant clothing, and carries an expensive-looking briefcase. She greets Mr. Smith with a firm handshake, a bright smile, and—yes—steady eye contact.

“Hello Mr. Smith,” she says. “I’m Mary Jones. It’s lovely to meet you.” Mary then hands over a crisp, clean business card from her business card holder.

Mr. Smith asks straight off how much Mary's hourly rate is, and adds the regulation line all clients say to web developers like you and me: "I need this job done as cheaply as possible."

Mary smiles at that; after all, she's heard that line before! However, she doesn't say, "Sure, Mr. Smith, I can do it for \$100!" What she does say is, "Of course, Mr. Smith. To ensure the best value possible, we'll need to establish your exact needs so we can quote exactly without any added extras you don't need."

Mary proceeds to sit down with Mr. Smith, placing an assessment sheet on the table between them, and over the next hour and a half writes quickly as Mr. Smith details his exact needs. Mary interrupts him occasionally to ask for more information here, a little more detail there. Mary also throws in a few of her favorites, the "as you know" sentences:

"As you know, Mr. Smith, the functionality of the system will depend on interfacing the *abc* with the *xyz*. That can be a little tricky for the inexperienced, but we've come across this many times before, and have the expertise to make this run very, very smoothly for you."

"As you know, Mr. Smith, usability is critical. Have you considered these issues ... "

"As you know, this section would take us approximately ten hours work "

Finally, Mary winds it up.

"Thank you, Mr. Smith. I have everything I need to provide a proposal that will meet your needs and increase your profitability. My team will review the information you've provided, we'll check up on a few aspects, and we'll then proceed to the proposal. When do you need the job completed by? Yes, we can meet that timetable. I'll have our proposal to you by 10.00 a.m. on Friday."

Note that it is a "proposal" and not a "quote". When people receive a quote, they look at the bottom line and compare on price alone. Mary provides a proposal with recommendations, examples of the benefits Mr. Smith will enjoy if he selects her—which she quantifies in dollar terms—and much more.

With Mary, it's not about price. It's about providing the best outcome for the client, and demonstrating her exceptional value for money. Mary's proposal will not just meet Mr. Smith's needs. The proposal will also include additional recommendations for optimal performance—these will be included as extras—along with suggestions and pricing for

the maintenance and backup of the database. Mary doesn't quote by the hour; she provides a price for the entire project. Mary finishes off her proposal presentation with, "You agree that we've met all of your needs and then some. Would you like us to work with you on this project, Mr. Smith?"

Now, Mary has sold something. The client will select her to complete the job. Mary will under-promise and over-deliver, and Mr. Smith will be delighted with the result.

Now, that's selling!

By the way, Mary also goes to college part-time—she and Zack take a few classes together. She also works from her spare bedroom. Mary borrowed her friend's best clothes for the initial meeting with Bob Smith, the briefcase belonged to her father, and she shelled out \$50 for her business cards. The only thing Mary has that Zack hasn't is an understanding of how to sell herself. That understanding has just made Mary thousands of dollars—and Mary might even subcontract Zack to do the actual work for \$25 an hour and make a healthy profit on top!

Often when I see people sell a service such as web design, they haven't actually sold anything. The client is in the market for a web site, you provide your quote, and the client selects the winner. That's not really selling. My view of selling is where you made a sensational pitch to the client, demonstrated the benefits of your services, and even though your proposal was 50% more expensive than the competition, the client selected you. You then show the client the importance of maintaining and marketing the site. You sign the client up for a year to take care of those aspects. Now you're selling!

Remember, to sell you need to figure out what the client wants—and regardless of what it is, a new site, a form, a database—the client is getting that done so they can make more money.

Key Points

- You are the expert. Guide your clients through the purchasing process.
- Use every facet of your presentation to support your professionalism.

Summary

Perception is reality. You have only seven seconds to create the right perception—one that conveys success, trust, and convinces your prospects that you're worth talking to.

In this chapter, we discussed image from the perspective of you, the professional, and from that of your clients. We touched on a number of factors—some general, others more specific—that you can use to change your presentation, and thereby, change your prospects' perceptions of you.

These included both tangible considerations, such as dress and grooming, and intangible factors, such as professionalism and your basic approach to business. We saw how you could use each of these elements to build the perception that you're successful, and that you'll make your clients successful too!

Well, now you know your market, and you've perfected your image. It looks as though you're ready to take the plunge. In the next chapter, it's time to roll up your sleeves and get your hands dirty as we walk through the first steps involved in starting your own freelance or small web business.

I have to say that when I first started out it was an exciting and vibrant time as I went after clients—I hope it is for you too!

Chapter

4

Taking the Plunge

I'm a great believer in the well-worn philosophy that ideas are good, but actions are better. Procrastination is the silent killer of many, many businesses, and as important as it is to have a plan, nothing beats *implementing* that plan.

I recently interviewed Kath, a web developer who has been in business for years and really knows her stuff, for one of our site's podcasts. Kath told me the only marketing she conducts is to find local businesses with web sites: "I just find web sites that could use improvement, pick up the phone up and call them, and say, 'I can get your web site to make more money.'" She organizes a meeting with the site owner, goes on in, and sells. That's it. Kath makes 20 calls a week and generates five sales from those 20 phone calls—she certainly can't be accused of analysis paralysis!

Once you've been in business for a while, you'll know what will work for you. I mentioned earlier the fact that you can't make a wrong decision. Some decisions will be better than others, but you'll always have that experience to refer back to and to use forever into the future. Don't be paralyzed when it comes to the crunch—make your decision, and run with it. In this chapter, we'll go through ten courses of action to get your business going. We'll see what just one client means in terms of expanding your business by their referring more clients. We'll meet the perfect salesperson, develop a client database, look at what *not* to do in business, and discover some secrets of success.

Starting the Business

Starting a business carries the highest risk of failure because it has the greatest uncertainty. The main question you have to ask before taking the plunge is this: is there a demand for your services in the area you'll be targeting?

It takes time to build a client base for your business, it takes time for you to figure out what works best, and it takes time to build the infrastructure you need. While that time is ticking away, you have bills to pay, and you probably won't have much income coming in. What do you do to start?

I'll assume that you've completed some sort of process to ensure what is usually called **due diligence**. All that means is that you've checked out all the pros and cons of going it alone, and that you've assessed the various legal, accounting, and general business administration issues that are applicable to your situation. I'm also assuming that you've researched whether or not there's a market for your skills, as we discussed back in Chapter 2.



Localized Issues

Note that, as this kit needs to be relevant across a range of countries, I won't go into great detail on the many issues regarding licences, accounting, taxes, and the like that you'll need to consider. See your local business services professional for assistance with these matters.

Ten Courses of Action

To get started, here are ten courses of action that will all stand you in good stead for gaining your first client:

Ask yourself three questions.

- How can I generate more revenue over the next six months?
- How do I want my business to develop over the next year?
- What will I do to achieve that?

Set aside time each week to think about your business strategically. It might be a Thursday brunch like the one I have; it may mean having a board meeting; it may involve some quiet thinking time. Regardless of how you do it, make some time to work *on* your business, rather than *in* it. After all, you don't want to become one of those many businesses that fail—it's a tough world out there and we want you doing great.

Start making contacts.

Start collecting the name, address, telephone number, and email address of every single client, prospect, and friend in business you have. Put them into your database. Now ring every single person up, let them know what you are doing, and offer to (you guessed it) make them more money.

Stop telling prospects what you do.

Enough about you already, what about them? You're a "needs analyst." Ask the prospect lots of questions about their business, and then offer solutions to their problems.

Build a consistent follow-up sales process.

By follow-up sales, I mean that you should always have another service ready to sell to your client once you've finished their project. For instance, if you've designed a web site for them, your follow-up sale might be web site maintenance. A consistent follow-up sales process is critical to your success. We make a proposal to the client for ongoing work for almost every web site we work on, usually focusing on the maintenance and marketing of the site. This ongoing work is among our most profitable (and it's work that almost every web site requires).

Let's say you finish a small site for a client, and charge \$200 per month for ongoing content maintenance. We'll assume it takes three hours per month to complete this maintenance. As you grow, you attract more and more clients, and within 20 weeks, you have 20 clients. That's \$4,000 per month for ongoing maintenance work.

Let me tell you—and this comes from someone who started his business with zero clients—having that amount come in monthly takes the pressure off so you can focus on attracting the best and most profitable clients.

Start a quarterly newsletter.

Keep clients and prospects informed about the Internet, and what you're doing currently along the lines you're reporting on. Make regular offers. People can't contract for your services until you make them an offer and they accept.

Send a media release to five publications.

Don't give up if nothing happens straight off!

Media coverage provides your business with enormous credibility. We'll discuss this some more in Chapter 6, but for now, here's a quick tip for your media release: people love a Top 10 list—just like this one! As we saw in Chapter 2, they also also love survey results.

Reward good clients.

Rewarded behavior becomes repeated. Send thank-you cards, gifts, or whatever you think is appropriate to people who refer new business to you. These people are helping you to grow your business—you need to show your gratitude. This tactic has worked beautifully for our business. I really do believe that a big part of my firm winning so much repeat and referral business is simply because we put ourselves in a position to win it.

Sending a thank-you note to a client who's referred business to you is just another reason to make contact with them. Then the client receives a Christmas card. Then the quarterly newsletter. Not only will we make regular offers to the client through these communications, but they'll be dealing with us on a regular basis—and getting to know us even better. Through each communication, we remind the client that we're thinking of them, and likewise encourage them to think of us. Thus, we're at the forefront of their attention when they need that web site redone, those graphics touched up, or the site marketed.

Never do what you say you will.

Satisfying clients is about the worst thing you can do, although I concede that having no clients would be a lot worse, and unhappy clients wouldn't be so great, either! Various studies have shown that merely satisfying clients simply isn't good enough. Something like 80% of clients leave a business because they don't think that business cares about them. You have to show you care. Satisfied clients will not stay with you—delighted clients will. Don't ever just do what you say you will—do more. You have to exceed your clients' wildest expectations. There's help available later in this kit, in Chapter 13.

Benchmark your business against your competition.

Check out just how you're doing, generate lots of ideas, and know what you're up against. That information is gold!

Practice, practice, practice.

You have to perform in front of prospects. You have to sell your services. Don't turn up and just wing it; practice makes perfect.

One client may be all you need to create a successful business for years to come.

Build a Successful Business on Just One Client

Let's do some math.

– Say you build a web site for Jane for a total of \$5,000. It's a small job—no problem. One of your recommendations upon completing Jane's web site is that she needs regular updates to the site, and should seek to have the site optimized for search engines. Let's say she hires you to do the job for \$200 per month.

This generates a gross income from this client of \$7,400 for the year. To keep things simple, let's estimate that you've made \$3,000 net profit from Jane for the year. Accordingly, Jane's very important to the business. She puts food on your table, clothes on your back, and a roof over your head. You give Jane the best customer service she's ever seen. Jane refers her friend John to you about two months later.

Surprisingly, John wants the exact same items as Jane, at the same price. You look after John just as well as you look after Jane. Meanwhile, Jane receives a thank-you card and a bottle of her favorite drink, a game of golf, a facial, a massage, whatever you think will take her fancy, for referring her friend John. Jane thinks you're fantastic. She sends another friend, Karen, your way. Karen wants the exact same services that Jane and John have bought. By the end of that year, John has referred someone else (let's call her Jill), as has Karen (her friend Arthur).

– Take a look at the math now. Your clients are Jane, John, Karen, Jill, and Arthur. That's a gross income of \$25,000 for design and \$12,000 for ongoing work each year. The profit is about \$15,000. And that's just for your first year. Now, imagine everyone refers you just one new client per year (and each new client refers one other new client per year) for the next five years. Assuming they all buy the same package at the same price, by the end of the fifth year Jane will have assisted in generating in excess of \$400,000 of design work, and an annual ongoing income of almost \$200,000!

Our clients refer other clients to my business all the time—we won a job for redeveloping a \$15,000 web site. That client referred us to a business colleague for a \$10,000 job. Before we'd even started his site, the colleague immediately referred us a client for a small \$2,000 job. Then he referred us another client for a \$6,000 job. And then he referred us again for another \$2,000 job. And then he wanted to develop another small web site for himself: another \$4,000. Meanwhile, the first client—the redevelopment job for \$15,000—referred us to another company for a \$4,000 project.

Add in there another \$1,800 per month in ongoing work—mostly content management—and you can see how important just one client can be. Interestingly, all of the above happened in the space of four months.

Do you see the sixth course of action? I was featured in a story in a local business magazine as a web developer and that's how we generated the enquiry from that first client mentioned above. I did ask him why he chose us and he said "Well, you were in the magazine, so I assumed you were the best."

This stuff works, and it works well—but you have to start doing it for it to work.

Key Points

- Do something! Procrastination has been the silent killer of many a business—don't let it kill yours.
- Be a "needs analyst," and ask what you can do for your contacts and clients.
- You can build your business on just one client.

Preparing for Tomorrow

I've mentioned before that poor management is the leading cause of business failure. What that means is this: businesses fail because they don't have enough customers.

You are in business, and business works like this. Ask someone to buy what you sell. Sell them that. Then sell them something else.

We've talked about the ten things you should do right now. But to achieve your goals, we're going to have to work towards your business's future. Don't fall into the trap of ignoring what lies ahead in order to focus on today. Now is an excellent time to take on board two philosophies that will serve you well not just today, but in the future: client management and sales.

The tips I'm about to provide you on these two mission-critical activities will put your fledgling business in good stead for a fruitful future. Read this next section carefully—and do what it says because, like I say, when you do stuff, things happen. And when things happen you tend to make sales.

Develop a Client Database

Develop a database of your clients, customers, prospects, suppliers, potential suppliers, media contacts, friends, competition: everyone with any potential for having an impact on your business.

This database will be your biggest business asset. It will enable you to make more money. It will enable you to attract new clients easily. One day, it will help you sell your business for more. A database will be your biggest business asset, which is why I mention it quite a bit!



ACT!

There are numerous database products on the market, from Microsoft Access, which can be set up for many, many different applications, to more complex **relational databases**.

My favorite is a relational database product called ACT!, which is available from most software retailers for about US\$230.¹ This software gives you the scope to develop your database the way you want, and it's very easy to use. Along with all the basic client information, ACT! allows you to tailor the fields in the database to be as specific as you need. You require a field for birthdays? Easy. You want a field to list the client's favorite drink? Done! Used in conjunction with the **Client Profile Form** that's included with the documentation in this kit, your client database software can prove to be extremely valuable.

If you haven't given any thought to setting up a database yet, don't feel too badly. The majority of businesses don't keep a file on past customers, let alone contact them. Now that you've seen its wonders, though, let's say you've purchased some software, you've played around with it, and you've put the names and contact details of all your clients and prospects into your new database. What next?

Well, let's do some comparisons. Imagine you're about to run an advertisement in the local newspaper to try to attract the attention of some of the 1,000 businesses in your area. An ad that's the size you want will cost \$1,000. If you're very lucky, your advertisement will be seen by 10% of the target market in your area—that's 100 people. Let's visualize a 2% response.

"Okay," you think. "I'd like a better result than that, so I'll send off a sales letter to the database I've developed of local business people." So you send letters to 1,000 people. The mailing costs \$1,000 in total. Of the 1,000 recipients, all will see your message, even though not all will read it. Hypothetically, this means that the database mailout will be ten times more effective than the newspaper advertisement.

¹ <http://www.act.com/>



Buy New Friends

You might even like to add to your fledgling list by purchasing additional names and addresses from a reputable list broker for usually less than a dollar each, although you shouldn't rely solely on this method. A good list broker will help you by providing a list of businesses that target your own industry. The best way to find list brokers is through recommendations from other people in the industry; they'll often advertise in industry publications, too. One major and well-respected online list database, where you can search by list name or keyword, is EdithRoman.com.²

A database is the most perfectly targeted market you can have. As you become more experienced, you'll start to test and refine each communication you make with your audience. For example, it would be clever to send half the prospects a certain type of letter, and the other half a different letter. That way, you could see what sort of response each letter achieves, and adjust your next mailing accordingly.

It's quite a bit of work to include clients in a database if they weren't there already, but that's part of the process to get your systems in place to build a profitable business. The hassle will pay off enormously: here's an example of a business that would have profited greatly had it taken the time to implement a relatively simple process.

Example 4.1. It Was All Too Hard

A friend of mine runs a small printing company, and we were talking recently about how his business had really picked up—he'd finally turned the corner toward profitability. Over the past two or three months, his service levels had dropped off as he struggled with an ever-increasing workload, but now he was finally in control. However, the clients noticed that the service had declined, and some of them had even complained.

I suggested that, as Christmas was coming, he should write all his clients a nice letter. This way, he could thank them for their business over the year (and mention the fact that, because of the quality of work he provides, he had struggled to keep up with demand), while promising a return to the highest quality now that he had everything under control. I also suggested he provide his top 20 customers with a small gift, as his way of thanking them for their business.

² <http://edithroman.com/>

After thinking about this suggestion for a week, my friend decided not to go ahead with it. He saw lots of problems. First, he'd have to get all of his customers into a database. Next, he'd have to go through his sales receipts to find out who his top customers were. Also, he didn't know what to do about the clients who were outside his top 20 but catching up fast. And finally, he wasn't sure when a lot of his customers would be away for the Christmas break.

My friend lost a golden opportunity there. If you screw up in the delivery of quality to your customers, you'd better own up as soon as possible, tell them when you'll be able to rectify the problem, and then compensate those customers in some way for the inconvenience. But more importantly, you must do something!

Put yourself on a Fast Track to Sales

Most businesses experience ups and downs with sales. It's a feast or a famine; it's a ride on a roller coaster. But right now, you need some sales—and you need them fast! Here are four excellent ways to do it.

Make an offer to your current clients.

This is by far the easiest group of people to sell to. You have their contact details, you know what they've already purchased from you, and you know what they might be interested in buying now. And, since they're existing customers, they're far more likely to buy from you again—you've established a relationship with them. They know you, they know you're honest, and they know you sell a decent product. This knowledge removes one of the biggest barriers to making a sale: trust. Your existing clients trust you, and that will mean more sales.

Send them a letter to thank them for their previous custom. Then, offer them a special deal because they're such good customers—see the **Special Offer Direct Mail to Prospects** file included in this kit for a few ideas. The usual direct mail letter gets a response rate of approximately 3%. A preferred customer letter, however, can achieve response rates around 25%.

This is what I do when we're looking to meet some targets for the month—pick up the phone and start calling clients. Start talking about how their web site is going. Start talking about how you can improve some more. Start talking about what benefits they could get from some work on the site. If you build the client relationship in the right way from day one—that is, by demonstrating how what you do makes the client money—then they'll be more than happy to buy from you again.

Make an offer to your previous clients.

The most common reason people cease to do business with you is that they don't feel that you care about them. What better way to show them you care than by writing them a letter that tells them you do?

"We have always appreciated your business, and would love to see you again. To show you that we mean it, come on in with this letter and we'll install a free web site analytics program on your site."

Simple stuff—but it'll have a big impact.

Make an offer to someone new.

You are in business. Get out there, find a prospect, and sell them something! Make an offer—the prospect can only refuse. There's a range of direct mail templates included in the documentation that accompanies this kit—see the **Promotional Direct Mail to Prospects**, **Differentiated Direct Mail to Prospects**, and **Follow Up Direct Mail to Prospects** files, in particular.

Make add-on sales.

This is, without doubt, the least used and most effective sales tool: sell more to the client as they purchase something. For instance, if a client's bought a web site, you might say, "Now that we've completed your site, you'll need to make sure it's properly maintained—would you like us to do that for you?" Around 85% of our clients answer in the affirmative to that question. Not a bad conversion rate for no expense and virtually no effort.

You can also offer add-ons via direct mail. The CD-ROM includes the **Secure your Domain Name Direct Mail to Prospects** template, which should give you an idea of how you can make appealing offers via direct communications. We'll deal with this topic in much more detail in Chapter 14. But for now, you need to keep in mind that add-on sales may well become the bread and butter of your business

The business models we use to charge for add-ons vary from product to product. For example, we buy our hosting services as a reseller, and charge the client a premium. The client gets a good deal because we take care of any hosting issues, and we get a good deal because we can generate an additional \$200 or more per client for hosting.

When it comes to services such as web site marketing, I'd recommend that you charge based on the value you provide to your client (see Chapter 5 for more on this subject). Our tell-a-friend script has been an excellent revenue generator for us. We had a young

programmer put it together years ago and, since that day, have probably sold it to 20 or more clients. We recouped our money with the first sale, and the rest has been pure profit.

And don't be shy when charging for tools such as a newsletter editor. One editor we've used in the past is Constant Contact.³ This is an excellent browser-based, template email newsletter system that suits many businesses. The pricing is also very reasonable (based on subscriber numbers). It's so easy to use that you can almost send the client the URL, and let them do it themselves, but you don't want to do that. Your Internet skill and experience have allowed you to identify this site as providing an excellent service at a superb price. Don't give away that expertise to the client. Charge a consulting fee for identifying, assessing, and recommending the software, and make sure you join the supplier's affiliate program for an extra few dollars for each sale.

Making Sales

We've talked about all the ways you can make fast sales, but what about the tricky business of selling? We'll cover this in much more detail in Chapter 8 and Chapter 14, but let's talk here about making your first sales.

Most people I talk with profess their hatred for selling. The two biggest concerns that people have are that they'll seem "sleazy" and "hard sell," and that they'll be rejected. In my experience, prospects enjoy being sold to. If you can demonstrate that you can provide an excellent solution for them, they'll be delighted. If you say to them, "Okay, this solution meets your needs. Do you want to buy it?" they're often almost relieved that you've made it so easy for them to decide. Furthermore, because you'll demonstrate exactly how you'll make them more money as you provide solutions to their problems, these prospects will very soon become clients.

I've even had clients say to me, "Thank goodness we found your company—we've been looking for a good web developer for ages."

The Perfect Salesperson

The perfect salesperson isn't some glib fast-talker vigorously self-promoting his way to his next million. It's not the statesman diplomatically negotiating the way to world peace. And it isn't McDonald's.

It's a guy called Mike.

³ <http://www.constantcontact.com/templates/index.jsp>

Mike has a shop that sells bikes. It's called, you guessed it, Mike's Bikes. Mike's shop fronts onto a main road, in the middle of a small shopping strip. I met Mike when I was cycling late one summer afternoon. About ten miles from home, I had my first puncture. I had it fixed in a couple of minutes and continued on my way. I was ten meters past Mike's Bikes when I had my second puncture—what a bad day. As I'd already used my only spare tube, I had to stop and patch the hole.

So there I was, mending the tire tube in rapidly fading light, when out into the street walked the perfect salesman. Now, I don't know if Mike knows that he's the perfect salesman, but he is. This is what happened.

Mike saw me as he walked out of his shop, and came over. "Hi," he said. "Got a puncture? Do you live far away?" I told Mike I lived about ten miles away. "The glue will take ages to dry, and it's getting dark," Mike replied. "You need it fixed straight away. I'll grab a new tube for you."

He disappeared into his shop and quickly returned with a new inner tube. I told Mike I didn't have any money with me. "No problem, just pay me the next time you come past," he said. Mike pumped the tube up a little, put it onto the wheel rim, and offered me some advice on the easiest way to get the tire onto the bicycle. "The tube's \$9.00, and there's no rush," he said. "Ask for me. I'm Mike."

I was putting the wheel back on a couple of minutes later when one of Mike's employees came out of the shop to go home. He stopped when he saw me. "If you need a hand with that, just take it inside to the boys—they'll help you," he said. I said "Thanks," and continued to fix the bike. Soon I was on my way home.

What I have described here is the perfect sale, something that doesn't happen very often. So what did Mike do so well? Let's take a look at the process, step by step.

- First, Mike identified his target market. That was me, sitting on the bench, in my cycling gear, with a bike.
- Mike initiated communication with me and completed a needs analysis: "Hi. Got a puncture? Do you live far away?"
- He restated the issues to highlight my problems: "That glue will take ages and it's getting dark. You need it fixed straight away."
- Having seen a need, he offered a solution: "I'll grab a tube."
- Mike then exceeded my expectations by pumping up the tire, offering advice, and telling me to just pay the next time I came past. The offer for assistance from his de-

parting employee shows that Mike has instilled the same service culture to his young team. Again, this exceeds the expectations of most customers.

- Mike made a sale. I dropped the money off to him the next morning, and I return to Mike's Bikes whenever I need anything bike-related. I also recommend the shop to any other local cyclists I know.

This is the anatomy of a perfect sale. Identify your target market. Approach the market. Initiate communication with your market. Analyze their needs. Offer a solution to meet these needs. Ask the market to buy. Exceed the expectations of the market. The perfect sale!

Mike took a risk in giving a perfect stranger the tire on a promise of payment. That was one of the greatest aspects of the sale—its integrity. The decent, trusting, and respectful way Mike helped me out meant that I couldn't wait to get back and give him the \$9.00. It also means I wouldn't dream of buying any bike product from anyone else, because Mike has shown that he's trustworthy and smart. And that's what every salesperson should be.

Key Points

- A client database could be your most valuable tool for the future.
- Prospects can't buy unless you make them an offer—contact your database of past, current, or new clients today.
- Selling is about solving problems—understand your customer's problem, then provide a solution.

What Not to Do in Business

You've started your business and you're feeling great. You've tossed off the shackles of employment and have taken the big step into the wonderful, wild world of business. You're free, free, free! Now you can take time off during the day to visit friends, enjoy a coffee or two at your favorite café, or maybe take a dip at your local pool ...

Wrong!

Don't Relax

Now is not the time to take it easy and relax. Now you need to work harder than ever.

Yes, there will be distractions. Friends will call in to see you now that you're "working from home." Your partner will want to have a coffee and chat: "Come on, take the rest of the afternoon off." If you're working from home, your mother, father, siblings, children, and family cat will all be vying for your attention. It's important to educate your loved ones that you are at the office—even when you're sitting in your bedroom "playing" on the computer.

It's vital that you have the time and space to work and be productive. As tempting as it might be to duck out and enjoy a beer, it's now that you need to put your head down and get cracking. If you're not to become one of the businesses that fail, you have to do things differently.

This means you're sitting in front of your computer writing letters, making calls, and sending emails—off to a good start. What you don't need is new equipment to do all that.

Don't Spend Unnecessarily

Remember the game from earlier, where we set about spending as little money as possible? Play that game hard. Your business future depends on it.

In these fast-moving times there are more and more opportunities to be frugal—for instance, with the advent of Skype and VOIP operators we've managed to cut our phone bill by 50% over the past year. That runs to well over \$1,000 per annum, and I believe it's a lot better in our business account than going to the shareholders of the phone company.

Now, as you send out letters, make telephone calls, send emails, and attend networking opportunities, you'll receive some sort of result. The results might be poor for some things, but they'll be great for others. Many businesses fail to measure and test their marketing strategies.

Don't Neglect to Measure ROI

You need to keep a close eye on what each strategy costs you, and what benefits you derive from it.

For example, sending out 100 letters will cost about \$100, plus quite a bit of your time. Attending networking functions can cost as much as \$100 for each event. Keep a close eye on these strategies and their costs, and be sure to measure their success rate. By "success rate," I mean sales or appointments you gain from these tactics.

You will soon discover what works for you, and then focus your energies on that.

Since you're probably new to this business caper, you will receive a lot of advice from well-meaning friends and relatives. Among that advice, you'll probably often hear, "If you want to succeed, you have to work hard." While not completely crazy, I've found that it's not exactly the truth.

Don't Work Hard—Work Smart

My tongue is firmly planted in my cheek when I say not to work hard. Of course you'll need to work hard, but working hard isn't half as important as working *smart*.

Measure your efforts. If you spend \$1,000 per month on newspaper advertising, then you'd better measure exactly what benefit came to you from that. If it doesn't work, then you'd be crazy to keep doing it.

I've often seen experienced businesspeople fail in this area—they're just so busy that they don't have the time or expertise to measure the marketing they implement. If their business is going gangbusters, they just keep doing what it is they're doing—even though a huge proportion of what they're doing may be a complete waste of energy!

Do everything you can, and use every tool available, to make your job easier. Why make life hard for yourself? Take whatever advantages you can, so you can focus on the tough stuff! More on that later.

Don't Let Rejection Get to You

You're up for rejection. Rejection hurts—sometimes it hurts a lot. We don't want you to become disheartened.

There's almost nothing worse than spending literally 12 hours in meeting with a potentially large client, having them tell you you'll be winning the contract for sure, spending another 14 hours on writing a killer proposal, and then another couple of hours presenting that to the company—then have the contact, who said he's the decision-maker, tell you that that guy who came in for five minutes at the end is actually the CEO, and *he's* rejected the proposal out of hand! Yes, you can probably tell that I'm still bitter!

Having prospects say "No" to you is just part of the game. What you should be thinking is, "Great. At least I got far enough up the ladder to be rejected. Next time I'll make the sale."

We learn from every experience. Sometimes the lesson can be harsh, but you'll be a better businessperson because of it—and you will make that sale next time. Keep in contact

with that prospect who rejected your work, but for now, move on to the next potential sale without losing any more sleep.

I want to pass on an important piece of advice about facing rejection from prospects: it will happen a lot. Rejection's a good thing. It means your business is in the position to have a shot at making a sale, and by following the techniques I discuss later in this kit, along with practice, you'll start to make more sales, guaranteed. It's a technique that, over the years, has resulted in many sales of otherwise lost projects.

Here's what to do when the prospect says "No"—say "Thank you!" Send them a letter or email that says something like this:

You have certainly developed your business very well and I'm sure a web site will be a terrific asset for your company for years to come. Although we're disappointed not to be part of your team, we did appreciate the opportunity to make our presentation. Thanks again, and all the best for the future.
Regards, ...

Write a thank-you letter every time you're rejected, for a couple of reasons. First, it's common courtesy to thank your interviewer for their time, whether it was successful for you or not. More importantly, chances are that you'll have another opportunity to make a pitch for some business later. Why? Because you'll keep in contact at least every three months, letting the client know what you're doing, sending newsletters, and making the occasional offer—they are in your database, right?

Don't Put Off Invoicing

Your cashflow is a critical element. Don't be squeamish about invoicing—it's business, and it's all about money. You need that cash in your account as soon as possible!

Our invoicing works like this: we send a seven-day invoice on the day we complete a job. Often we visit the client to thank them for their business, and hand the invoice over then. If the account remains unpaid on the eighth day, the client is sent a reminder of the overdue account. On the eleventh day, we telephone them to ensure they received the invoice. The client usually commits to a date for payment at this point, now that you've put them on the spot. On the fifteenth day—or the day after they promised to pay—they receive another letter requesting payment.

Always remember one great advantage you have as a web developer: you're in the very strong position of being able to remove any work that hasn't been paid for.

Keep clear and friendly communication with clients to avoid things turning unpleasant—as long as you're perfectly clear with the client, there shouldn't be a problem. Here's an actual email I sent a client recently when they failed to meet a progress payment deadline.

Example 4.2. Payment Reminder Email

Hello Jonathon,

Hope all is well. The site is progressing beautifully, and we're thrilled with how it has all come together.

An issue that will hinder development is slow payment from your end. We don't want to develop this site on spec of the money flowing in once the site is live. Our agreement was for another payment to be made one-and-a-half weeks after the first one, and then the third payment (which then completes the deposit amount) one-and-a-half weeks after that.

Please understand that we will be unable to provide further services until payment is made.

As you know, we have allocated significant resources to complete what we have to this point and we are not willing to carry the cost of the site development.

I know that you are appreciative and understanding of the work completed so far, but we need to be paid as soon as possible as agreed, or we'll need to reassign our focus to other clients to ensure our continuing cashflow.

If you have any questions, please give me a call.

Kind Regards.

Within three minutes, the client responded to say that the progress payment would be made the next day. Like the brilliant designer I mentioned in Chapter 1, don't make the mistake of putting off your invoicing; believe me when I say that clients respect you more if you're comfortable asking for the money upfront.

Remember, the squeaky wheel gets the grease!

Don't Try to Do Everything Yourself

Now, you're a small businessperson, and that means you'll have to go it alone to a large extent. But you're not the Lone Ranger—you simply cannot do everything yourself, so start to gather a reliable team around you. No one in my business is fantastic at graphic design, so we outsource that task when we need to. I have no idea how to do the accounts, so we employ someone to take care of that side of the business. I have no idea how to program a web site, so we outsource to a brilliant web programmer when necessary.

The amount of time it can take you to learn a new skill can far outweigh the benefit it provides, particularly in the early days, when you need every advantage you can get. Spend your money when it needs to be spent. Identify the important skills required to build your business, and take the steps to find the right person to help you out. We'll look at this aspect of business more thoroughly in Chapter 17 and Chapter 18.

Don't Ever Lose Control of the Client

You might contract people to do work for you, but never relinquish control of the client. Whoever has the client has control.

I learnt this rule through harsh experience: years ago, I had a programmer decide that she could undercut me and steal an existing client. I developed a web site for a wonderful client called Margaret. Her family had worked their fingers to the bone for 30 years to build a terrific business, which she was now looking to update and computerize. Margaret mentioned that she didn't mind whether the solution was custom-designed or off-the-shelf, as long as it met her business's needs. I reviewed a custom solution for Margaret, and called in a programmer who had recently approached me for work—let's call her Jacqui.

Jacqui and I went to see Margaret to discuss her exact needs, and assess whether we could provide the best solution. The meeting went very poorly from about five minutes in. Margaret wasn't familiar with computers, but that didn't stop Jacqui from talking nonstop about specialized technical concepts and using high-level technical jargon. She completely bamboozled Margaret. The meeting was a complete disaster.

Margaret called me a few days later to say they'd decided to go with an off-the-shelf solution. I rang Jacqui to tell her this news. Jacqui said, "Fine. Keep me in mind for any future work." An hour later, I received a call from Margaret, my client. Jacqui had turned up on her doorstep, saying, "Whatever Brendon quoted you, I'll charge you less." Margaret had gently lifted her by the ears and tossed her out—thank you, Margaret!

You have to keep control of the client. Your business and livelihood are on the line. Like many people, I use SitePoint contests to find quality designers for some web design projects. In these situations, when you have to disclose the name of the company the design is being completed for, you need to make it perfectly clear that no contact whatsoever is to be made with the client. As soon as a supplier gets in direct contact with your client, you'll find your position undermined.

Secrets of Success

I work with quite a few people who are just starting out their business careers, and I'm often asked that wonderful question: "What's the secret to success?" I could give you the old "Well, it's a variety of factors" answer, but as you've probably noticed, that ain't my style! I'm happy to go out on a limb and tell you: these are what I consider to be the secrets of my own success.

You have to be in the game.

This is my favorite secret, which a guy called Thommo let me in on late one winter's night. Thommo owned a bar in the Tasmanian city of Hobart, and I was discussing with him and a few others just how to make it big in business. Thommo said to me, "Opportunity only dances with those who are on the dance floor."

Thommo's philosophy is right—if you're not out there doing business, then you can't continue to learn new skills, and you certainly can't put yourself in a position to be successful.

You must have passion for what you do.

If you're not fully committed, then you simply won't be successful.

You need great communication skills.

Communicating your vision, enthusiasm, and standards is vital. Learn to be a powerful and motivating speaker.

You require a great team.

You may be in an industry where you can do a lot yourself, but you won't be able to do it all. Consider your lawyer, accountant—even your bank manager—as part of your team. Use the best skills you can find, and the benefits will be substantial.

You must have absolute self-belief.

If you don't think you can do it, you're right!

Even if 95 out of 100 people rejected your pitch, you still must think to yourself, “That company’s crazy for not choosing me! I’m sorry that they’re not going to receive the benefits of my expertise and experience.” As you can tell, I’m not the most modest guy around. When clients reject our pitch, I genuinely think to myself, “This person has made the wrong decision!” I then review why we didn’t get our message across effectively, and try harder next time. You have to believe in yourself to the same degree.

Now, to the final and most important secret to success!

Do something.

Ideas are great. Actions are better.

People are successful because they do something with their idea. They have vision, energy, self-belief—and a burning ambition to succeed. The amount of times I’ve had people in my office with the next big idea is countless. The amount of times it’s turned out to be the next big idea is zero. It always comes back to the people—it’s never about the idea. It’s about the people who are implementing it.

Summary

In this chapter, we’ve listed the ten things you should do right now to get your freelance web design business up and running! You now have an idea of what you should do today. You also know what you should do today with a view to tomorrow.

Client management and sales are the two most important contributing factors to your staying in business. Start a client database, use the tips provided here to boost sales, and your business will still be afloat when you wake up tomorrow! In addition to talking about what you should do, in this chapter we discussed what you should avoid. These “no-nos” could well form the basis of your approach to your new business.

Meanwhile, measurement, delegation, and working “smart” are a few tricks of the trade that are essential to running a successful business. We also discussed failure, rejection, and what to do when you fail to win the job. Rely on your self-belief, and enter the prospect safely into your database. Many a sale has been made by following up with clients who have rejected you in the past.

Finally, we looked at my own personal secrets to success. I’m no tycoon, but I have the feeling that the big business moguls in this world would have similar tips, if we could just get past their bodyguards to ask! These are the pointers that helped me through the first months in my own small business, and kept me focused.

— In Chapter 5, we deal with the nitty-gritty of winning your first freelance clients. Where will you find them? What will you say? How will you convince them to buy? And what will you charge? All these questions—and more—will be answered now. Read on!

Pitch, Quote, and Win your First Client

Just how do you win that first client?

In this chapter we'll discuss what tactics really work when it comes to turning prospects into clients, and why. We'll look at how you can ensure that your business stands out from the crowd. We'll also revisit those benchmarking exercises we talked about in the section called "Benchmarking" in Chapter 2, and implement them within your operations, adding your own distinctive flavor as you do so.

We'll also explore "the secret question." It's a question so powerful that every businessperson should ask it, all day, every day. It's a question that can transform your business entirely. It's a question you must be able to answer with absolute certainty.

First, though, let's find out how you can win new clients every time you go in to bat.

Networking for Business

The first home truth concerning the web industry is that the vast majority of business is generated through word-of-mouth referrals.

Think about the suppliers you use: many, you use for convenience; a few, due to special considerations, such as their being the only firm with the specialist skills, or because they're a client already, or because you want them to become a client or referrer later; and the rest, because a friend or relative referred you to them. In much the same way, product

reviews are incredibly powerful on web sites, acting as a type of referral. According to research, more than 70% of online shoppers actively seek out product reviews.¹

The one point to remember about referrals is this: people can only send you business if they know what you do.

You can't afford to be shy. You're in business, and you have to maximize every single opportunity to win more business. Start talking. Tell everyone what you do. Even before you hang your shingle out, write a letter to every single person you know to inform them about your business. Ask them to give you work, and ask them to refer new business to you. Don't do this just once—remind them every six months or so.

You need to get out and about in your market. Have you written and spoken to every Internet service provider in your part of town? Offer your web design and development services to their customers. Have you spoken to every graphic artist? They're a great source of business—most don't have the specialized skills required for web work, and they're always looking for developers to refer their clients to. Market to them on an ongoing basis.

Get out there and push, and things will happen.

I recently participated in a long charity bike ride. During my training, I was a frequent visitor to a couple of the major bike shops in my city. From my involvement in this ride, and from talking with the bike shop owners, I generated two excellent sales—close on \$10,000 in total—and currently have a very strong lead for a major cycling clothes manufacturer. That \$10,000 only came about because I was out there talking with people, and letting people know what I do.

Those of us who are hitting the prospecting trail for the first time will need to let people know we're in business. Don't be afraid to mention your new business to everyone you meet, and then, when you find yourself in front of an interested, receptive prospect, you can start your needs analysis—we'll be covering that shortly. Importantly, it's obvious that you need to talk about what you do *in context*. That is, when talking with the bike shop owners, I didn't just blurt out "I do web sites—do you want a web site?" I was a little more subtle about it—I asked the owners a few questions about their products and if I could buy them online. I then mentioned a few great bike sites. I eventually let it slip that I developed web sites and that I'd noticed a surge in online shopping among my cycling

¹ <http://www.techcrunch.com/2007/04/09/product-reviews-everyone-wants-a-piece-of-the-market-but-power-reviews-may-get-it/>

friends. We got talking about web sites and the bike shop owners asked me to review their static old sites with a view to making some suggestions. Easy.



No Mate's Rates

Don't be tempted to give your best friend's dad a reduced rate. You're not here to compete on price; that approach is a fast-track to failure. You're here to make a dollar and last the distance.

Sure, tell your friend's dad you'll give him a special deal—after all, you'll give him very special service—but don't cut the price down so that you're making a minimal wage, or, worse still, no profit at all. Say something along the lines of, “Well, Mr. Smith, I can do the web site for my absolute bottom rate because you're Billy's dad. I can't do it for any less than \$5,000, because I simply wouldn't want to have to cut corners and compromise on the quality of the site. You do want a top-quality site, don't you, Mr. Smith?”

You want work, but you don't want work that's unprofitable.

Finding Prospects: What Works, and Why

As you're out there, beating your drum at every networking opportunity you attend, and talking to prospects whenever you happen across them, you'll need to know what works. What techniques can you use to improve your chances of finding a prospect, and finding a prospect who's interested in what you can offer?

Here's my favorites: treat every person you meet as a potential client, and treat people as you would like to be treated. That's not all, though—there's one clarifying question you need to ask whenever you meet anyone who has the remotest chance of being a prospect.

Asking yourself the Magic Question

Ask yourself this question every time you make a pitch to a prospect: *why should the prospect do business with me?*

I love that question. Answer that, and you're well on the way to success.

Then, ask yourself how you'd like to be treated if you were the prospect. People buy based on emotions. People buy to feel good. This is why it's vital to treat people well—if you treat people well, then they'll like you. People who like you are far more inclined to do business with you than those who don't.

Staying Benefit-focused

Prospects want to know what you're going to do for them, and how much money you're going to make them, so focus on providing the best solution to make money for the client. That's what every prospect wants to hear.

We survey our clients on a pretty regular basis, and I was shocked to find that a solid 80% of our clientele had never looked at our company web site. You see, it's not about how fabulous we say we are. It's all about the client and the results we can get for them.

Using Testimonials and PR

The use of testimonials and case studies is a highly effective way to add credibility to your prospecting campaign. A potential client is far more likely to believe a positive, independent third-party review than to believe what you might say about your own business.

The **Introductory Direct Mail to Prospects Referencing Press Article**, included on the CD-ROM that comes with this kit, is just one way you can leverage the value of testimonials and PR to attract new business.

When you gain the attention of your prospect, it's important to display sound credibility. Your saying, "Hey, we're the greatest!" just isn't believable. This is one of the reasons public relations techniques are so effective. If you manage to obtain some decent media coverage for your service or yourself, it's one of the best advertisements you can have. It's perceived as independent, it will potentially be seen by many thousands of people, and it's free. We'll look further at the great advantages offered by PR in Chapter 6.

Bear in mind that there's always a perceived risk in purchasing something—use testimonials, case studies, and guarantees to reduce the perceived sense of risk in dealing with you and you'll make more sales. When you purchased this kit you may have noticed that SitePoint—via online marketing—uses testimonials and guarantees as a way to demonstrate the quality of the kit and entice you to buy. You *must* use those exact same techniques to reduce the perceived risk in dealing with you—it will make the client feel safe and result in more sales.

Focusing on Referred Prospects

The research we've done in order to understand why prospects contact us has proven that, in many cases, it's a third-party referral that places us in the loop for contact with a new prospect. Referred prospects are your best bet!

Referrals work so well because:

- Referred prospects don't require you to spend precious dollars on expensive advertising campaigns.
- Referred prospects take less time, on average, to become clients. Referred prospects are much more likely to become clients than are "cold" prospects. Referred prospects, interestingly, are much quicker to pay their bill in our experience. This may have something to do with the referred client being aware that we have a relationship with the contact who referred them to us.

Need a head-start to plan your approach to a referred prospect? See the **Direct Mail to Referred Prospects** file in this kit's documentation for a few handy hints!

Keeping your Eyes and Ears Open

A friend once told me that being a good lead generator is like being a policeman. You're always on duty, even after work hours. So, always be on the lookout for that next potential lead:

- If new office blocks are being built next door, contact all new tenants as they move in.
- Check the local newspaper to find out who's doing what, when, and where. You'll almost certainly find a business or two that are starting up or expanding—they're more potential clients.
- Don't overlook the possibility of working for government departments. We've just initiated contact with our local government's development section and offered our services to its clients, because it can be great opportunity for ongoing work.
- Offer yourself as a public speaker to Rotary groups, business groups, schools, and anyone else who might get a benefit from learning for you, the great web expert. If I had to start a business tomorrow with just one marketing tactic, I would do as many speeches as possible to interested parties.

Never stop looking for new opportunities in your own neighborhood, and further afield. I subscribe to a regular advertising industry magazine, and with this month's issue came an "Advertiser's Handbook." This handbook profiles and has full staff details of every advertising agency in the country. There might be around 1,000 agencies included in the handbook. It's a potential gold mine!

There are hundreds of advertising agencies to approach, and I'm sure at least 80% of them will outsource any web work they're offered by clients. It's a great opportunity for web developers to make a pitch for work to agencies in their area.

Don't stop looking! New opportunities are everywhere. Keep your mind open for these opportunities—you'll never know when they'll hit you. For example, at the start of this chapter I mentioned that over 70% of online shoppers actively seek out product reviews—well, there's an opportunity right there. Check out web sites that sell products online in your local area. Contact the owner and arrange a meeting.

At the meeting, say, “70% + of online shoppers actively seek out product reviews. To help you make more money, *you* need more product reviews. We have a package where we:

- Get written testimonials from happy customers.
- Obtain audio testimonials from happy customers.
- Record video testimonials from happy customers.
- Write up three case studies of customers using your products successfully.

All that for just \$1,000! Your conversion rate will increase by approximately 20%, which will mean 12 extra sales per day, which will generate an additional \$142 profit per day. And we'll help you measure the effectiveness of what we do.”

Opportunities abound. Keep those ears and eyes open.

Key Points

- Referrals are your best bet for generating sales.
- Talk—your business depends on it! Get out there, meet people, and network!
- Every time you approach a new prospect, ask yourself: “Why should this person do business with me?”
- Be proactive. Look for new opportunities all the time.

The Needs Analysis

You've identified potential prospects, met with them, and talked to them. They've seen how professional you are, and that you have a strong focus on how your solution can help their business. You've even arranged a meeting to come back and discuss the details of the job they want done. Brilliant!

But what exactly will you discuss in that meeting? This stage—the **needs analysis**—is critical to your understanding of the job. The success of your pitch depends on the depth

of detailed information you obtain at this stage, so it's important to ask the right questions. The questions we ask during our needs analysis are designed to extract as much relevant information from clients as possible, so that we can better establish a solution that will meet their requirements.

We've spent years refining a list of questions that cover all the information we believe we need to know in order to put together a winning pitch. To help you do the same, here's an outline of the needs analysis questionnaire we use—it's also included, with a few extra details, in the **New Client Needs Analysis Form** file on this kit's CD-ROM.

Example 5.1. Needs Analysis Questionnaire

situation analysis

- What industry are you in?
- What is the one thing that sets your product apart from the competition?
- What are the major choice influences involved in buying your product?
- What are your customer demographics?
- How is the business marketed?
- Why do you need a web site?

site objectives

- What are the objectives of your site? Is your site intended to:
 - establish a web presence?
 - increase sales?
 - generate leads?
 - provide easily accessible information?
 - survey customers?
 - demonstrate your product/expertise?

proposed site

- How do you envisage the web site achieving your objectives?
- How many pages do you want the site to be?
- How many visitors do you want to attract to your site?
- How will you market the site?
- Will visitors be able to search the site?
- Do you plan to build an email list?

- ✦ Do you want contact forms on the site?

competitor analysis

- Who are your competitors—both online and offline?
- What components of their sites do you like/dislike?

site review

This section details the features the site might have, and acts as a prompt for us to ensure we cover all possibilities with the prospect.

For example, we might mention the possibility of a bulletin board, or security issues, search engine ranking importance, or a shopping cart. This discussion starts the client thinking about the benefits of these tools, and we explore each possibility according to the level of interest they exhibit, or the importance that tool may have for the site.

We place a particular emphasis on the site needing to be fast-loading, ever-changing, and informative if it is to entice visitors back again and again. This demonstrates our expertise, and educates prospects about those aspects of their site.

We then move on to cover multimedia issues, ask about the ongoing maintenance of the site (including possible training we could provide so that the client has the skills to do this in-house), and go into more depth on potential marketing strategies.

site testing

Depending on the site's target market, we'll ask questions about browser compatibility, download times, and color review. It's not that we won't be making the site compatible for all browsers, but we want to show the prospect that we cover all the bases, that we are experts, and that we are the right team for the job.

site marketing and maintenance

- Do you have any marketing strategies in mind?
- Will you link to other web sites?
- Do you want other web sites to link to you?
- Will you need the site optimized for search engines?
- What search engines are you going to submit the site to?
- Will you be buying banner ads on other sites?
- Who will maintain the site?
- Do you have the software required?
- How will you upload the site to the web host?

- Who will respond to email?
- What web site use statistics will you require?

Again, these questions educate prospects on the endless possibilities for the marketing of the site, and helps position us further as experts. It also makes the prospect aware that a web site needs to be regularly maintained.

budget

Now, here is an excellent topic to raise with prospects! It took me quite a while to summon the courage to ask the client the question, “What’s your budget?” straight out, but it’s the best question I ever asked.

What we are trying to do with the needs analysis is make sure we have all the information we require to provide the best possible solution for the prospect. The needs analysis also qualifies the prospect, to an extent—the question of “What’s your budget?” really sorts the qualified buyer from the non-qualified buyer.

We put this question in the following way: “We want to give you the best solution within your budget. We don’t want to provide a proposal for a site that is way above your budget—it would waste your time and ours—so we need to know what your budget is for the web site development.”

What surprised me when we started doing this was that our prospects would usually tell us. Some would hesitate, in which case we’d move on to provide an example of the benefits they could gain by providing us with the budget, and then they would almost always tell us.

Without a solid idea of their budget, you really will struggle with your proposal. You don’t want to spend ten hours working on a proposal to ensure the most cost-effective, fantastic-value-for-money solution, only to find out that the prospect’s budget is \$500.

If the client’s budget is below our minimum, we start asking questions. We start valuing everything we do. We quantify exactly what we do and exactly how we do it. We demonstrate what we have done for other clients, and how this might apply to this particular prospect.

I’ve always found budget constraints to be the easiest objection to overcome. Budget is rarely a question of price; it’s usually a question of value. If you can demonstrate the extra value you provide, you often find the client’s budget will expand to accommodate the higher price you might charge. I often provide clients with two, or some-

times three, options for the type of site they'd like developed. In every instance, they've chosen the best and most expensive option.

What if the prospect really does have a small budget, way below your minimum charge? Firstly, don't give the prospect anything for free. This only devalues what you're doing and provides them with a strong position from which to negotiate.

What we do is break our proposal into pieces to show the prospect the value it represents, and demonstrate how we can start slowly and work towards this goal in an orderly, calculated manner. The prospect is sold on the good sense it makes to start slowly, and is pleased to move ahead with subsequent phases of the project when the phase one site performs as we promised it would. If we can show the prospect the value of a decent site, and then break it down into affordable pieces, they'll almost always want to go ahead. We've created that all-important sense of impending loss if the prospect doesn't go ahead with the project, and this really is a powerful buying motivator.

Of course, if the client's budget is unrealistically low with no possibility of ongoing work, then don't hesitate to say that you don't feel you can provide them with what they are looking for.

Conducting the Needs Analysis

Allow plenty of time to conduct the needs analysis, and go at your prospects' pace. Don't whisk from question to question—give them time.

Often, once they start talking—and you start questioning—the prospects will realize that they, or their business, has requirements or expectations of the project that they hadn't consciously thought about before. That's good, because then they start to see that you're the expert and they perceive that your very thorough analysis is providing them with added value. If you skip from one question to the next the moment they stop talking, you could miss valuable insights into the project—insights that will see your proposal better meet their needs when it comes to the pitch.

Once you've walked the prospects through the needs analysis, go back and make sure you've covered everything. Don't be shy about asking for clarification if you need to solidify any particular points in your mind, and be sure to ask the prospects if there's anything they'd like to add. You might also like to determine a time frame for the delivery of the pitch before you leave the office.

Then, it's back to base to put together your proposal and make that sale.

Key Points

- Conducting a needs analysis is an essential step in providing a winning proposal.
- Ask questions—and listen. The points your client makes may necessitate more in-depth discussion than you expect.
- Take plenty of notes! You'll need a detailed reminder of what the client said when you're putting together the proposal.

Finding the Hidden Agenda

Before you start work on your proposal, you need to understand the clients' motivations—their reasons for buying.

Ask yourself that golden question: why should prospects do business with you? During the needs analysis, you listened to your prospects and deciphered their needs. That's critical. Now you need to decide why they should do business with you.

Most of the time, the answer is this: prospects are usually not buying a web site from you for its own sake. They're buying a tool to generate more profits for their business, because they want something else: a new car, a holiday, or even a quicker retirement. I was recently in a meeting with one of my team members, and two prospects, and during our pitch, I said the magic words: "This web site will make you money, and if we do it right, it will make you a lot of money!" The prospects' eyes lit up. One of them sat bolt upright, leaned forward, and said, "That's what I want to hear!"

Your prospects are in business. They want to make money. Tell them and demonstrate to them exactly how they will make money. Quantify how much money they can make if they decide to use you. That's why they should do business with you—it's really the only reason. An alternative answer to the question is that prospects should do business with you because you provide the solution to their problem. That answer's also correct, but very often the problem is that they aren't making enough money!

The prospect may do business with you for a variety of other reasons. You might find that you're dealing with the marketing manager of a big company for your next web development pitch. The purchasing motivation for this prospect might be to look as competent as possible in front of their bosses. The reason they'll do business with you is because you've assessed the needs, provided plenty of reassurance of quality, documented

everything perfectly, provided a great pitch, and generally made them feel safe and secure with your abilities. The prospect will feel confident that your expertise will make them look good in front of any superiors and will, accordingly, choose you for the job.

You need to make it as easy as possible for your client to deal with you. Prospects don't want hassle; they want a pain-free experience. They want you to take them by the hand and make everything as easy as can be. I was speaking with a client the other day, and mentioned the importance of ensuring the web site looks good in all screen resolutions, and that although 800x600 resolution has ... and the client almost fell asleep right there! He simply had no idea what "screen resolution" meant, which is understandable. He didn't *need* to know, and that's what I'm there for—to reassure him, and to ensure he gets the best result with the least pain. If he were a prospect rather than an existing client, I might have educated him about screen resolutions to demonstrate our expertise and illustrate the value he was receiving. But as a client, he just wants the solution. He doesn't care how I give him that solution, as long as it's risk- and hassle-free.

Not making things easy for your client can cost you sales! One of our computers decided to throw a tantrum and refused to work. I rang a repair business and asked for the machine to be repaired. I also asked if it were possible to have it reviewed as a matter of urgency, as I needed it back as quickly as possible. The repair guy said, "No. We're very busy. It could take a day to get to it."

If he were on the ball he would have said, "Certainly, sir. We charge a \$55 surcharge for putting your computer at the front of the line and reviewing it immediately. We can organize for it to be collected by one of our technicians right now. The pick-up fee is \$45. Would you like us to get started, sir?"

Now, that's taking the pain out of my life. That's the repair guy getting the sale and being paid a premium. What would I have said if that offer were made? He'll never know, but it would have been a big "yes." Time is money, and \$100 would have been well worth paying to sort my computer problem out quickly.

The convenience factor is a huge consideration in purchasing just about any product. Price does matter, but not as much as is generally assumed. Almost everyone will do their grocery shopping at the nearest supermarket. Can they get better prices elsewhere? Of course they can, but the convenience far outweighs the cost benefit of driving across town to save what most perceive as a few cents. What about when you fill up your car with gas? Do you hunt down the lowest prices, or do you fill up at the closest filling station? Most people choose the latter.

Although a web designer can easily design a site for a client on the other side of the world, it's a fact that the vast majority of your work in web development will come from clients within a 50-mile radius of where you live. That closeness provides security and reduces that sense of perceived risk. When prospects in your area give you a tight time frame for completing the work, you're almost always assured of winning the job. Why? Because it's convenient. They haven't the time to brief another developer; they need the job done now. Price is generally a minor consideration.

Key Points

- Understanding the prospect's motivations is critical to the sale.
- Once you know what will tempt the prospect to buy, you'll be able to hone your proposal and pitch to their needs.
- Make it easy for your client to deal with you.

Making the Pitch

I've observed many, many people make a pitch and the most successful have all had one shining light in common: preparation.

It sounds boring, I know, but here's some numbers from my experience. If I give a 40-minute speech I would work on that speech for close on 15 hours—and that, to many professional speakers, is a ridiculously short amount of time.

When I make a pitch to a prospect I'll spend 2–3 hours preparing to make the pitch and running through many different scenarios. That time estimate doesn't take into account the introductory and needs analysis meetings, though. Those two-and-a-half hours are spent developing the documentation for the pitch, and preparing for the presentation itself. This will involve practicing our delivery, reviewing possible objections, and considering issues we view as important to the pitch.

Our conversion rate is over 95%, so what we do works well. Our team thinks through every aspect of the pitch and we leave no stone unturned in searching for the best result.

The sales pitch itself almost always takes an hour. We do tweak a few things here and there, but let's have a look at the basic process we go through:

preparation

The preparation starts from the minute you make contact with the prospect. The tailored sales pitch should be made only after a thorough analysis of the prospect's needs. Identify the exact requirements, and ask lots and lots of questions.

Just keep asking—the prospect will be amazed by your thoroughness.

choosing where to make the pitch

If you possibly can, try to hold the pitch meeting on your own premises. As soon as we had offices, our conversion rate went up. Obviously, if your office is also your bedroom, then you don't want to do the pitch there—there are better options than that.

The pitch can easily be made at the prospect's place of business or a neutral place—over breakfast or lunch always works well. You might have to tweak what you show and tell, but preparation means you'll give an excellent pitch anyway.

If the prospect comes to our offices for the pitch meeting, we might have two of our team make the pitch. If the prospect comes alone, we have one of our team sit on their side of the boardroom table. With the client and one of our team on one side, and the other team member sitting opposite, it doesn't seem like an us-against-them situation.

ensuring nothing has changed

The solution you'll be proposing is based on the issues you have already discussed with the prospect. By asking if anything has changed, you indicate to the client that the pitch has been perfectly tailored to their needs.

It's a good idea to ask this simple question at the start of the pitching process.

All you need to say is something along the lines of, "So, Alice, before we start our pitch, I wanted to make sure that your requirements for the project haven't changed since the last time I spoke to you. Have your needs altered since we last met?"

following an agenda

Every meeting should have an agenda, so make sure you have a clear agenda for the pitch meeting.

It's a very useful tool that can remind you of the sequence of your pitch, and that demonstrates your professionalism. There's a template called **Meeting Agenda** included on the CD-ROM, which will give you a solid basis from which to develop your agenda.

educating the prospect about your proposal's value

As you move through your pitch, you need to educate your prospect on the value you provide (how and why). It may be something as simple as saying, “As you know, the design of a site takes about ten hours, and the average going rate for that time is \$1,000. We add value to that process by doing this, this, and this.”

Or it may be something like, “We strip the graphics to their lowest possible file size, which means that site visitors have the web site load much more quickly on their computer screen. Now, that takes a couple of hours of intensive graphics work with the latest graphic design software.”

You don't want to present the quote and have the prospect faint on the spot.

You need to educate your clients about the value of what they're receiving, then show the easy investment they need to make for it to become reality.

stating the benefits of your proposal

Instead of saying that your design will work well, prove it with some relevant data and show the prospect the benefits of that design: “Because our design will load within eight seconds for most people, this means that more people will actually view your homepage. What this means for you is the maximum exposure for your site, and in turn, more possible sales ...”

Quantify the benefits that you provide the client. This is a key aspect of your pitch. “Using our expert copywriting skills, it has been our experience that sales will increase by an incredible 40%, should we redevelop the site.”

“Utilizing this email program with another project, we achieved a clickthrough rate of 65% from the newsletter, resulting in sales of about \$8,750 each time the client sends out the newsletter. This is why we'd like to take the same approach with this aspect of your project.”

“Once we implemented this particular shopping cart software, the conversion rate of visitors to sales for one of our clients increased from 5% to 6%. They receive 500 visitors a day, so that's an extra five sales—or \$250—each day. That's over \$90,000 a year in sales!”

What if you don't have previous client experience to hold up as a shining example?

Simple. Quote research and studies that are reported in the media and online, and use them to quantify the likely benefits of the solution to your client.

“A recent US study has shown that professionally written copy can increase sales on a catalogue site such as yours by up to 30%. Even if the copy we write only increases the sales your site generates by half as much, you’ll still make an extra \$2,000 in sales per week.”

Guess what prospects do once you start to quantify the benefits of having you work with them? That’s right, they start mentally spending the extra money the web site will make them. Then they start to convince themselves that you’re the right person for the job, and they’ll say “Yes” to your proposal almost every single time!

demonstrating why and how you’re different from the competition

Don’t be afraid of your competition. You should love them for a variety of reasons, not the least being that they will provide you with some terrific competitive advantages.

Probably our biggest competitive advantage when we pitch for a site is the fact that we own and manage some very successful sites, and we have the marketing expertise that many developers lack. This is a big competitive advantage only because of the way we use them—we usually make those issues more relevant in the pitch.

If you can say something along the lines of, “Yes, we do differ quite a bit from our competition. The main ways are this, this, and this,” then the prospect will feel some reassurance in selecting you. Having this point of difference also moves the proposal away from being a direct comparison about cost and toward a comparison based on value. And if you are proposing a premium price, this is exactly what you want.

showing something

We always have something to show the client during the pitch, whether it’s a search engine analysis sheet, a graph of another client’s statistics after implementing a certain marketing technique, or simply a testimonial.

And we always leave something with them—a thorough, detailed, and beautifully presented proposal document can be one thing. See an example proposal in the file titled **Web Development Proposal** on this kit’s CD-ROM. This provides tangibility and instills a sense of ownership of the proposal in the prospect. These are both very positive and important elements that contribute to the success of our pitch.

anticipating questions and objections

It’s important to realize that the prospect will have questions—and usually some quite tricky ones. I actually like questions, because they indicate interest, and even a strong buying signal.

With a little experience, you'll come to know what these questions will be, and you'll be able to address them even before they're raised. It's great when you can do that.

"John, I think one of the questions this proposal will raise for you is how to develop the site to convert visitors to customers the best. As you know, 70% of online buyers actively seek out product reviews—these are a critical part of the buying process and we aim to address that by ... "

Before you get to that point, you can still master solid answers to likely objections by writing out the key arguments you think your client might use, and practicing your responses. We'll cover this process in some detail in Chapter 8, but here's a quick example. We currently have a client who is the general manager of a large company. She's worked her way to the top of the business, having started as the finance manager. Every one of her objections is related to price. So whenever we prepare a pitch for this client, we not only justify every single expense, but we also prepare the price-related objections and practice responses to these, and we also try to incorporate any major objections into the pitch and address them before they're raised.

Taking into account the prospect's background can help you to establish what direction the questions will take—and what focus your answers should have.

summarizing the pitch

This is where the purchase price of this kit can be returned a hundredfold. Your summary is vital to the pitch. It could go something like this: "As you know, from the detailed information you have provided us about your business and the role for your web site ... our proposal and recommendations address the key criteria you have raised. Are you happy with what we have discussed? Is there any aspect of the recommendations that you would like me to explain further?"

Clients will always say "yes" to the first question and "no" to the second question, because you will have addressed their needs based on the very thorough needs analysis that you undertook when you first met with them. If you didn't address their needs, then you don't deserve the job.

You've told the prospects that your proposal addresses all the questions they posed. They're saying, "Yes, that's everything I want." You've educated them about the value of what you propose, as well as quantified the benefits, so they really will find it hard to not select you, especially when you come to the next step.

detecting buy signals

The most important aspect of the pitch is to be alert for **buy signals**. Buy signals are wonderful things—they're signs the prospect makes that indicate a willingness to buy.

The prospect might say something like, "Okay. What next?" Or it might be as simple as a smile. A buy signal can be just about anything. But the biggest buy signal of all is the fact that the prospect agreed to see you and hear your pitch. That is a huge buy signal!

The prospect wants to buy from you; they just want to make sure that you can give them what they want—again, it's that reduction in perceived risk. And quite often with web development, the prospect will not even know what it is they need.

Just recently, I had in my office a prospect who'd been referred by another client. The prospect came in, tossed me the two web design quotes he'd already received and said, "Beat those prices and you've got the job." What a great buy signal! He didn't really want me to beat the price, he just wanted reassurance. He wanted me to take a look at the competition's quote, assess his needs, and provide a better solution. He wanted the reassurance that even though I knew the low prices the competition had quoted, I nevertheless would assess his needs and suggest the best possible solution.

I grilled the prospect for two hours that day on what he needed his web site to do, how his business operated, how key processes might be integrated with a web site, and so forth. I then had him in for another half-hour meeting to go over the issues we'd discussed, confirm various aspects of his needs and wants, and generally reassure him about our professionalism. Only after I'd compiled all this information and prepared a solution to address his needs, did I make my sales pitch. It took about an hour. I addressed all the requirements he had for the project. I then demonstrated how it would be impossible to achieve all that he wanted within the price range of the other two quotes.

When it comes to educating the prospect, you basically show why your proposal costs whatever it does. It's fully justified and, if you're smart, you'll have the client agreeing to it as you go. Justify your value: "As you know, John, the site needs to look great, load quickly, and be compatible across a range of different browsers and screen resolutions. To make the sales you want, we need as many people as possible to access the site. Now, to do that we'll need to spend quite a few hours on this, this, and this. We'll then spend time testing the results to make sure we've got it right.

“John, the total investment to give you what you want and need with the site is \$x. That gives you the site you want, the site you need, and the site that, as we’ve discussed, will give you the biggest chance of success. As you know, you’ll have our top experts working on this the whole way with you—you won’t need to worry about a thing. Would you like us to make a start?”

Of course he did—and at twice the price of the other quotes. The key factor wasn’t that we were more expensive, it was that we’d better identified what our prospect wanted, and we gave it to him. Simple. I believe that if we’d quoted the lowest amount we wouldn’t have won the contract. Because we knew what the competition had quoted and doubled it, we were demonstrating our commitment to quality and the best solution.

The prospect is more interested in value for money than the lowest price. By value for money, I mean demonstrating how your proposal will make them more money. A great example I often use is that of the copywriting on one of our sites. As mentioned previously, we had an expert copywriter edit the sales-letter-type homepage of a site. The sales increased by 40%. That copywriter was three times more expensive than the copywriter we used before him, yet the value for money ratio was 10:1!

The other thing that we do with prospects is spend plenty of time with them. This is a direct result of analyzing very closely the prospect’s needs. Our experience showed that the longer we spent with the prospect, the higher was the conversion rate from inquiries to sales. This fact could be attributed to us having a better knowledge of the needs of our prospects, and therefore being able to present a better solution.

I’ve also detected a correlation between the sales conversion rate and the emotional commitment of the prospect. It seems that because they’ve committed all this time to us, they’re more likely to accept our proposal rather than choose someone else and feel that the time they spent with us has been wasted.

asking for the job

Be smart about the way you ask for the job. You would have unearthed the major concerns and needs of the prospect way back in the needs analysis stage. Use that knowledge now to best advantage: “Okay, we’ve addressed everything you’ve asked. Would you like us to make a start?”

Or, take the very direct approach: “We would be delighted to be part of your team. Would you like us to work with you on this?”

It simply staggers me how many people don't ask for the business. They'll provide a quote and then say, "I'll leave it with you." One aspect of asking for the sale is the **fear of loss**, by which I mean the client's fear of loss: one very potent sales weapon. You may well have seen this technique used in retail stores: "Sale ends December 20! Only while stocks last!" The technique is used simply to create a sense of urgency so that the customer acts now. The idea behind it is that if there's no fear of losing the great deal, then the customer will happily put off the sale. But if you create that sense of urgency, the customer will act sooner.

To make sales, you need to create that same sense of urgency. In the pitch situation, it might go something like this: "As you require the project to be completed within four weeks, we'll need to make a start very soon to meet your deadline. In fact, if we don't commence work in the next couple of days, we won't be able to meet that deadline. Would you like us to begin today?"



Sign a Contract

Of course, make sure you have an agreement in writing before you start any project. The information and clauses you'll need to include in your agreement will vary according to your location, so always discuss your contract with a lawyer who understands the applicable laws.

Every dispute I've ever seen web developers involved in would have been quickly sorted if there was a simple contract in place. Get signed contracts and save yourself headaches down the track.

To give you an idea of the level of detail involved in such agreements, we've included a typical sample contract in the documentation for this kit. See the document titled **Sample Website Design Agreement** on this kit's CD-ROM.

Handling Rejection

What if the prospect says, "No, as a matter of fact I don't want to work with you"? Well, now it becomes interesting! You say two simple words that are the cornerstone of my comeback strategy: "Why not?"

"Because we don't think you can do the job."

"If I demonstrated I could do the job via testimonials, case studies, and examples, would you pick me?"

"No."

“Why not?”

“Because you’re more expensive than the other quotes.”

“If I showed you why my proposal represents better value for money than those of the competitors, would you choose me?”

“No.”

“Why not?”

You get the message!

The prospect isn’t rejecting you. They are just saying that you haven’t presented your proposal in a way that meets their needs at that particular moment. Find out what the major needs are, and you’re back in the game!

What if the prospect says they’ll think about it? That will happen, of course. When I hear those dreaded words, I say, “Thanks John. We’d be delighted to work with you on this project and I believe our proposal, based on your needs, provides exactly what you want to make a terrific amount of sales. Please select us—we want to work with you and we want to make this work right!”

Don’t be shy! Tell the prospect you want their business. They’ll appreciate your candor and be reassured that you’re so keen. I always ask when the prospect will let me know their decision—it’s much better to have a definite “no” than an extended “maybe,” just so they can avoid hurting your feelings.

Once you’ve returned to your office, send off a “thanks for your time” letter, reiterating the key points of your proposal and the fact that you want the business. From here it gets tricky. Do you ring and find out the decision once the deadline passes? Or does that just make you look desperate? Or, maybe it looks like you don’t really want the job if you don’t call? I’ve found that some prospects react better if you ring, while others find it a hassle. It’s up to you to gage the prospect’s preferences and act accordingly.

If you are turned down, it’s not the end of the world. Thank the prospect again for the opportunity given to you and move on, as we saw in the section called “Don’t Let Rejection Get to You” in Chapter 4. And, of course, add the prospect’s name and address to your database for future marketing.

There are plenty more fish in the sea.

Naming your Price

Now here's a tough question that dominates web development forums across the world: *what should you charge?*

Your competition charges \$50 an hour. You'll need to beat that, right? So should you charge \$45 an hour, cut down your costs, and generally work harder to make a profit? No! The client will buy your services based on plenty of different criteria, one of which isn't price. So we'll drop price competitiveness from the major criteria we'll look at.

One of the most frequent questions I hear is "How should I charge?" Well, let's look at the options, good and bad, commonly found in business.



Charging by the Hour

Here's what *not* to charge on, though: do not charge on a per-hour basis. What a terrible way to charge! You actually get paid more if you work slowly, which is not fair for the client—and they know it. Or, worse still, you get paid more if you don't know what you're doing. If you charge per hour, you'll never grow your business. You'll be stuck with a set rate for a set amount of time, and time is not unlimited. We'll look at this common pricing mistake in more detail in the section called "The Pricing Formula."

The Pricing Formula

The tried and tested formula approach is used extensively in business, in spite of its failings.

You figure out how much income you want. Then you identify what your expenses are. Next, you calculate how many hours of labor you'll sell. From there, you work out how much you need to charge per hour, in order to generate the income you want.

Let's say you want to earn \$100,000 per year for yourself. Your expenses are \$50,000 per year. You have about 231 working days a year to generate that \$150,000. We'll estimate that 70% of those days will be used for work—the rest are marketing, doing your books, and suchlike. That's 162 days, or 1,296 hours. To generate \$150,000 for the year —\$100,000 wages, plus \$50,000 expenses—you need to charge \$116 per hour.

If you're charging your clients this way, you're making a big mistake. Why? Let's take a look at the formula method again. The first thing that you can see is that this is an incredibly limiting way of pricing your services. You'll never earn more than \$100,000 per year.

Let's say that you spend four weeks working on a client's site, which, once relaunched, makes them more sales in one day than it had for the previous couple of years. In this case, you've completed the research and developed the database, which means the hard work's been done. Now we can leverage that knowledge in future successful work. Instead of it taking four weeks of solid work, you could probably put together that site in four days.

If you're charging per hour, the price for that web site and database would be 10% of what it was for your original client, rather than reflecting the value to the client. Does this sound like a viable, business-expanding proposition? No way. Once again, charging by the hour is not the choice to opt for. If you own fantastic intellectual property and can provide tremendous value to clients, you want to be charging more than ever for this ever-expanding knowledge.

Competition and Market Demand Pricing

Many businesses find out what the competition is charging and charge that.

This concept assumes that price is the major choice influence in the clients' decision-making process, but, as we've seen most recently in the section called "Making the Pitch," it's not! Despite what they say, prospects are most often more interested in value for money rather than actual cost. You can discard this pricing structure.

Likewise, the market demand pricing method is based upon price, encouraging the client to compare prices between vendors. You don't want the client to do that. You want the client to compare your offering based on quality and outcomes.

I've sometimes used the rationale of charging what the client will pay, and it has proven successful on a number of occasions. For example, as we'll discuss in Chapter 14, a larger client will usually expect a higher price. If you don't quote a higher price, the prospect may form the perception that you don't understand the brief. They may see you as unsafe to deal with, assuming that your business must be too small to do the job properly, or that you lack the level of professionalism they require.

That's a controversial approach, but it's one I'm convinced about. People equate quality with price. If you quote a high price, provide the appropriate education for the client on the value they're getting for their money, and illustrate your professionalism and trustworthiness, then the price will not be an issue.

I've heard of a web company that was turned down on a major project because their price was two-thirds less than the competition, creating the impression that they didn't under-

stand the brief. This particular business was a web industry leader. The team had completed this type of site so many times before that they could do it faster, better, and cheaper than anyone else. The client didn't believe it, however, and the development team missed out on the job. They lost it to an inferior design company that charged three times the price!

It's the *perception* of quality that is important. Change the perception of your services and charge more.

The Best (and Only) Way to Charge

Let's think back for a moment to that hypothetical web site that sold more products in one day than it had in the previous two years. Let's say you'd done the hard work, and you knew what influenced buyers in this market, what they wanted in a web site, and what they wanted the web site to offer before they would buy from it.

As I said, to implement all these features on a new web site would take 10% of the time it took with that first client. Should you charge the next client in that industry the same as your first client? Or should you charge less? Neither!

Calculate your charges on the *value* you provide to the client.

Having developed that web site, you probably know more about that market than you did before, so we can provide even greater value to the next client from that industry. You also know the tremendous value that our knowledge and skill is worth. So charge on the value you'll provide to the client, not how long it would take to implement that knowledge into a web site. You provide the client with enormous value, and you can, and should, charge more because of that.

Quoting on the value you provide is as simple as quantifying the benefit the prospect will receive by using you, and taking this into account as you quote. How might you go about this? Well, first you need to estimate the value you provide.

Take into account your experience, your expertise, and the point of difference that you've established. Let's say your point of difference is that you have already completed five web sites in the prospect's industry. The fact that you have this experience and know the choice influences of the target market could equate to at least \$3,000. Your expertise with setting up a secure shopping cart could save the prospect many hours of heartache and hassle. That value could be another \$1,000.

The value you offer is an issue of perception. There's no simple formula by which you can put a value on the benefit you provide. However, gaging the perceived value of your offering will become easier with time and experience. Once you can do that, you'll also need to be able to educate the prospect on the value benefit—to “sell” the added value that only you provide. It sounds tough, but with a little practice you'll become an expert!

You want to be perceived as being a top-quality company that does great work and provides incredible value for money. If you do that, you can basically charge whatever you want.

If you can educate the client as to the excellent value your proposal represents, you'll always have more highly profitable work than you know what to do with. (Here's the secret for when you have more work than you can handle alone: outsource it! More on that in Chapter 18.) This way, you can charge more when your value to your client increases. As your knowledge and skill increases, so will your value to your client.

One of the specialties of my business is expertise in how to get a high ranking with Google for competitive keywords. This expertise can be worth tens of thousands of dollars to our clients. Do you think we're going to charge an hourly rate? We'd be crazy if we did. This information, and these skills, can be incredibly valuable to the client. Don't just give that kind of value away.

Charge according to the value you provide to your client. It's the only way to charge, and the only way to build your business.

Key Points

- There are numerous ways you *can* quote, but only one way you *should* quote.
- Always use a pricing structure that ensures maximum value for the client, not one that merely undercuts your competitors.
- Set your price based on the value you will deliver.

Summary

In this chapter we've covered everything you need to know in order to land your first client, from calling up every web service provider in town to understanding the different pricing models you can use.

First, we talked about the best ways to find your first client and explored the importance of networking. We discussed in some detail the techniques and tips you can use to drum up new business, and why they're successful.

Next, we covered the details of the needs analysis process. Here, we walked through the actual questionnaire I use in my business to complete a thorough needs analysis for each new prospect who walks through our door. We also discussed the most important question you must ask yourself before you start work on the client proposal: why should the prospect do business with you? We saw that once we've answered that question, it becomes a whole lot easier to put together a proposal that's comprehensive, successful, and most importantly, benefit-focused.

We considered the delivery of the pitch, which we discussed step by step from start to finish. We saw how important it is to demonstrate the benefits of your proposal to the client and to ask for the business.

Finally, we answered the all-important question of what you should charge. We looked at a number of common pricing models, and explored why charging the client what they could afford to pay for the value you offer was the best—and only—model to use.

Now that you've got your first client, it's time to look more deeply into developing your business. In the next few chapters, we look at establishing your business and brand. Chapter 6 launches this discussion, dealing specifically with marketing your freelance or small business.

The Web Design Business Kit



Chapter 6

Marketing your Business

Marketing your business isn't hard. There are literally hundreds of ways you might go about it. They are not all equally effective, but you'll soon have more clients if you follow a few basic steps to develop a marketing strategy that works, implement it regularly and measure its impact.

As we've seen, the bottom line is that you need a steady flow of prospects to develop your business. The adoption of an approach that uses many different but interlinked marketing strategies will have those prospects beating down your door before too long. In this chapter, we'll discuss these strategies in detail to uncover those that will work best for your business.

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

Do Something!

One of the biggest mistakes I see small businesspeople make 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—their excuses go on and on. Yet marketing isn't difficult; in fact, it can be reduced to two basic actions:

- Figure out who might want what you sell.
- Ask those people to buy it.

There are many different ways to gain the attention of your market—and that means many different ways to waste money! Therefore, it's crucial to be smart about your marketing. Measure the results and crunch the numbers to find out what works best to gain attention. If you can attract a steady stream of prospects to your door, your business will grow. How can you create that steady stream? Simple—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 those prospects.

As prospects see your brand in more places, and hear about you from more of their business contacts, your name will begin to grow familiar to them. 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 attract their attention to your offer:

- Would it be best to cold call your prospects?
- Would it be best to write your prospects 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:

Example 6.1. \$20K in Thirty Days!

My company recently faced the challenge of generating an additional \$20,000 of business within 12 weeks. Here's how we planned to achieve the goal:

- Send a special-offer letter to all our current clients, then follow up with a telephone call.
- Complete a direct mail campaign to 200 local businesses—a three-piece mailer spread over three weeks.
- Run a five-week business newspaper advertising campaign.

Launch a PR campaign, including media releases announcing that the company is the new developer for a major site, the promotion of a team member, the release of a survey we've commissioned, and a few other bits and pieces.

Ask all of our current clients for referrals.

Attend every networking opportunity.

What were the results of our campaign? The advertisement, which cost \$70 per week for five weeks, secured us a \$7,800 web site deal with a \$300 monthly ongoing marketing fee. The PR campaign delivered another \$5,000 worth of work with strong potential for more. A current client took up our offer of site management services priced at \$110 per month, and asked us to implement her online marketing campaign, which meant another \$5,000 per year. The mailout to local businesses generated three qualified leads to follow up. A quick calculation reveals that we achieved our goal of \$20,000 in additional income in just a few weeks.

The key point is that nothing will be accomplished by your sitting around waiting for people to realize the existence of your business. You might be a hot designer, but people need to know about your services before you can make anything of your talents.

Why your Marketing Should Be Very, Very Cheap

The whole aim of marketing is to generate interest. What's the best measure of "interest?" Leads and sales.

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 ensures return on investment: the return you generate from your marketing efforts should far outweigh their cost.

Your marketing success stems from finding people who aren't your clients, but should be. The people who *should* be your clients won't differ much from those who *are* the current clients of your competitors—in other words, those clients have all the characteristics of the clients who would buy your services. The discovery of these characteristics is the first step toward defining your target market.

Defining your Market

In identifying the characteristics of your target market, so that we can select which marketing tools will be the most effective in reaching it, we can assume two tried-and-tested characteristics to be very likely:

Prospects with the greatest potential to become your clients will generally live within a 50-mile radius of your business.

Prospects with the greatest potential to become your clients will operate a business, probably a small business.

Now that we've found a common thread among your potential clients, the next step is to find out how these prospects might hear about web development businesses that offer the services they need. Keep in mind that the current clients of your competitors have all the characteristics of the people who would buy your services. What characteristic—in addition to the two we just discussed—identifies the current clients of your opposition? They all have web sites.

It's time for action! It's this simple: call the businesses in your area who have web sites, 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 gain the names and addresses of about 100 businesses who have web sites 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 some marketing contact with them every three months. Soon, a few of these prospects will inevitably start to trickle over to your business.



Research Hint!

To improve the way our survey call is received, we make the results of every survey we complete available to our local media, and, on occasion, national media. That way, when we call businesses that might belong within our market, we can say: "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 developed your web site?"

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'll search high and low to find you the answer!

Narrowing the Field

These simple steps provide you with an excellent basis from which to launch your marketing. However, you'll find even more valuable information if you focus a little more deeply.

For instance, by looking at which businesses have web sites, and which don't, you'll find that there are more web sites in certain industries than in others. For example, let's assume that high-tech industries have a higher percentage of businesses with web sites than do any other industry segments. This solid assumption now narrows your target market to include small business operators who:

- manage high-tech businesses
- are within a 50-mile radius of your business

From the survey you've conducted, you know how most of the businesses in your area hear of web sites 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 bottom line is that it makes no sense to spend \$5,000 on newspaper advertisements and hope for the best. Conversely, with just two hours' work, you can find out exactly how your particular market hears of offerings in your line of business and target your promotions far more cheaply and accurately. Here's an example of how easily one business could have put what we've just discussed into practice:

Example 6.2. Mmm ... Coffee and Cake

My business is perfectly situated, it being directly above a bakery, a café, and a pizzeria! These business are all doing an excellent trade—apart from the café. That's changed hands three times in the past 12 months, simply because the operators don't target their market.

The market for the café would be people located within a five-mile radius. An even better market would be people within a 100-meter radius. The absolute best market would be people who work in offices within about 50 meters of the café, which is open largely during business hours.

At any point in time, my business might have 12 people working away. Almost all of us like to eat out for lunch, or at least step out to buy our lunch to bring back to the office—and

then there's the coffee runs. Yet, in the 12 months we've been in those offices, we have never had the café staff knock on our door and say, "Hey, you guys! Come and eat lunch with us! We make killer kebabs, sensational sandwiches, and perfect pies, and we'll treat you like the valued neighbours you are! Here's a voucher for a special deal to try us out this week—come on down!"

You're in business, and you want to sell whatever it is you sell. *Tell* people about what you sell. *Ask* them to buy.

The owners of that café should be dropping their new menu in to us every week. They should be wandering around the nearby offices, introducing themselves. They should letterbox-drop flyers galore. They should have fabulous big signage outside their premises. 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 their café be a successful one.

Generating the Perfect Lead

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

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

In my business, we often turn to small-scale, carefully considered promotions in order to generate leads from highly qualified prospects. This might see us run a competition from the local stationery supply store, where we offer a free template-based web site as a prize for a winning customer. The stationery store owner is happy to allow us to run the competition from his store as it makes him popular with his clients, especially the lucky web site winner.

For our trouble, we 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 web site. As you've guessed, these forms are the basis of the next step in our marketing process.

These competition entrants are mailed a “You’re a winner” letter, which informs them that although they didn’t win the free web site, they have won a free mouse pad (featuring our branding, of course), and a free hour-long consultation with a web consultant to help them identify whether or how their business would benefit from a web site. The letter finishes by telling them that the writer will be in touch.

That letter is accompanied by an article we’ve written, entitled “Does your business need a web site?” In addition to this, we include some articles that have been written about us, along with testimonials from happy clients. Now we have 100 potentially hot prospects, all expecting a call from us to set up a meeting to discuss their needs for a web site. We don’t ask them to call us—they wouldn’t get around to it. Let’s look at the characteristics of this market segment.

They want a web site, otherwise they wouldn’t have entered the competition.

They’ve been educated about the benefits of a web site in our letter and article.

They know about our business, which has also benefited from the implied endorsement of the stationery store, increasing our perceived credibility.

From those 100 hot prospects, I’d be very surprised if we didn’t make at least three sales.

That’s three new clients: at least \$6,000 even if they only want teensy-weensy web sites. Three more clients on our ongoing list, and three more clients to give us referrals.

Another excellent tip is to always offer the competition winner several options for the site they’ve won:

the template site for free

the template site for free, plus a few other added extras for a little money

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. Of the winners, 80% extend the length of their stay by up to five nights, and 42% rebook within the next 12 months.

Now, these are just a couple of ways to market your business for a minimal investment. Don’t blindly follow the herd by throwing good money away on marketing tactics that won’t work their very best for your business. Research your market, talk with your market, analyze your market—that’s the way to 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, 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 attention to some of the more common marketing alternatives. In this section, I'll be a little more specific about 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 delve 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.

Using your Research

Study the audience survey you completed to see whether the particular advertising medium you're considering is mentioned.

There's no point advertising in the newspaper if your target market didn't 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's why you go to the trouble, after all!

Analyzing the CPM

CPM stands for Cost Per Thousand, M being the Roman numeral for 1,000. 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 businesspeople, you can easily compare the costs between media.

CPM 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 50, we find that it'll cost us \$20 to reach a thousand people.

Obviously, the lower the CPM, the better, but keep **media waste** in mind. Media waste 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 lack a web site. The CPM of a newspaper ad might be cheap at \$20.00, 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!

Over the years, I've taken out expensive newspaper advertisements and I've taken out cheap classifieds. Surprisingly, the cheaper classifieds have given my business a better return on investment.

Speaking 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 gain a reasonable idea about what sort of response those ads are generating for those businesses, and this will help you decide whether it'll be worth the cost for your business.

Timing your Advertising

Timing is important. It's not news that some times of the year are simply a dead loss for web design businesses. For example, most businesses close down over the end-of-year period, while their owners are off enjoying the season's festivities. There's no point wasting your money on advertising at that time.

Timing can even be considered when it comes to choosing what day of the week to advertise. With newspaper advertisements in my home city, we'll generally only advertise on

Wednesdays and Saturdays, as wide research indicates that those two days have by far the biggest readership.

Sticking to your Budget

Budget is a major consideration—it's not how much you spend, it's how well you spend it.

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; save your money for a more effective way. Having said that, there are often great deals to be had and you'd be surprised how much you can haggle radio spots down—once the day has passed, the radio station can't sell that time again, so they're often receptive to last-minute deals.

Keep track of your expenditures using the **Marketing Budget** that's included in the budget spreadsheet on this kit's CD-ROM.

Considering the Real Costs

The fact that an advertisement generates an inquiry doesn't necessarily mean that it's successful. For example, one of my clients is currently running an advertisement in a local free weekly newspaper. His thinking was that if the ad generated one new client in 12 months, the advertisement would have proven successful.

Wrong! The ad has been a disaster. After 16 weeks at a cost of \$60 per week, his ad has generated 12 inquiries and he's yet to make a sale. Yet he estimates that meeting with the 12 prospects who inquired, putting together the proposals, and talking on the telephone with these people, has cost him in excess of \$2,000 already. He now subjects each lead to a fairly rigorous qualifying process before he takes the process 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.

It's not only about leads generated—it's about the quality of that lead. It's been my experience that prospects who find us through our Yellow Pages advertisement are far less likely to become clients—often they're just people searching around for the absolute lowest price. Conversely, people who are referred to us by happy clients are far more likely to become clients, because there's an inherent trust from the very start.

Which Promotional Option Suits You?

I can't give you the definitive answer to that, I'm afraid. However, taking into account the targeted marketing tips I provided earlier, we'll discuss 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, given the right circumstances. 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

Newspaper advertising needs to be really well targeted to be successful. It would probably be more cost effective for you to advertise in a business newspaper, rather than the local community newspaper.

Base your budget on the CPM mentioned in the section called "Analyzing the CPM." In terms of the size of your ad, it's advisable to start small and increase the size of your ad as you measure its effectiveness. Of course, the downside of this approach is that if you start small not as many people will see your advertisement, and it may not be a true measure of the effectiveness of advertising in this particular newspaper. The moral of the story with newspaper advertising is to test, as cheaply as you possibly can.

With any advertising you just need one client to make it worthwhile. I remember taking a small ad in a business newspaper a few years back. Nothing came of it until a couple of years later, when a prospect called to arrange a meeting—she had that tiny advertisement from years before. We've since completed almost \$10,000 worth of work for her company.

Yellow Pages Advertising

Advertising in your local Yellow Pages is almost a must-have for your business, as many people will turn to it when choosing a designer. These ads can be very expensive and, unfortunately, with this medium it's a case of the bigger, the better.

If you commit to buying a large, prominent, and expensive Yellow Pages ad for a year, then make sure to very closely measure which clients find out about you from these ads, and what sort of return you receive on your investment in order to ascertain what you should do for the next edition. We find we generate a few decent clients from our Yellow Pages listing, but also get a lot of inquiries that don't amount to anything.

Radio Advertising

Radio spots are not usually well targeted. Don't advertise on radio unless you can try it out very cheaply, and be sure to track the results. If you try it and it works, great. Do it again.

A radio appearance, however, can be a great way to boost your profile. For instance, if you can be interviewed as a special guest during the computer show on your local radio station, you can attract real attention to yourself and your business. I managed to get a regular gig on talkback radio as the resident web expert—every Wednesday I'd go into the studio for a chat with the host about what was new on the Internet. That ensured, for the radio listeners at least, that I was perceived as an expert, generating a lot of business as a result.

Writing Articles

If you can have a "Why you might need a web site" article accepted and published in a business magazine, it can work very well to generate leads. Writing articles is an excellent 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.

Delivering Flyers

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

Like that tiny ad I mentioned earlier, you never know—sometimes you just need the right flyer to fall into the right person's hands to make it all worthwhile.

Holding Seminars

Why not hold a seminar titled "Developing a Web Site for Your Business?" 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 you'll likely gain your business some great leads. 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'll benefit your business in the long run.

Asking for Referrals

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. We now ask everyone we know to refer their friends or business contacts to us. If someone refers us a client, we thank that person in all sorts of different ways.

Referrals are perfectly targeted, and don't require any work on your part. If you're not asking everyone you possibly can for referrals to your business, then you aren't serious about being in business. Asking for referrals seems to intimidate a lot of people—I've found the method that works best for me is to just relax about it and be casual: "Megan, do you have any friends or colleagues that are looking for web services? We'd appreciate any referrals you can send our way." I found that when it's a simple request like that, clients tend to want to help out.

Another rich source of referrals can be your local providers of computer and Internet-related services. 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 also work well on a commission basis.

Using 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 your services, out of all the options in your line of business? I'll bet it isn't how nice your branded coffee mugs are. Having said that, I do find these products great as gifts for clients you want to thank for some reason—after all, it's good to keep your business firmly in their attention—but this kind of expense can only really be justified when you're well established and very profitable.

Writing Reports

Another great lead generation tool is to write a report devoted to making and saving money with a web site, and give it away for free. 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 prospects on your doorstep!

We have a number of free reports we use as bait to generate leads, using a variety of sources—Figure 6.1 shows an example of one of our newspaper advertisements that worked well.

marketing • media • web

Web sites that actually work

Free Report details Web Site success secrets

Too often web sites are developed for companies by web designers with **little or no understanding** of the commercial needs of business. What you want is a web site that actually works.

Tailored Consulting is one of Queensland's premier web development firms. We know how to make a web site a valuable asset for your business – **generating leads, making sales, positioning your business** as top-notch, increasing **customer care**.

Specialising in

- award-winning web site development
- redeveloping under-performing web sites
- web site marketing

FREE Report For your FREE report
"10 secrets of successful web sites" or
FREE consultation, call
07 5598 4898 now, or visit

www.tailored.com.au

TAILORED
Consulting
marketing • media • web

TAILORED CONSULTING

Figure 6.1. Free report advertisement

Another idea is to 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, such as: "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 Advertising

Advertising in newspaper classifieds is very inexpensive and can work quite well. Its cheapness means that testing it out is well worth it.

Guest Speaking

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 (a huge advantage), and you'll be exposing yourself in the nicest possible way to your potential market.

Recently, I had the opportunity to speak for a government small-business program. I was marketed as the keynote speaker for the occasion, and I spoke for an hour to 120 people who were interested to hear what I had to say. The topic of my presentation was nothing other than the very service that I sell—on which the attendees could only see me as the recognized authority.

In that hour, I had the opportunity to say exactly what I wanted to say without interruption. I provided interesting, relevant, and entertaining information about a topic in which the audience was interested. I had the opportunity to connect with the audience, to demonstrate my expertise, to talk about my experience, and generally to market myself and my business. By the end of the speech, the audience knew me and what I'd done previously, and saw me as an expert. The work generated from that seminar alone was worth a very substantial amount to my business.

Printing Brochures

Printed brochures can be good, but only once you've established your business. While the cost of brochures has decreased significantly over the years, I see brochures as more of a sales assisting tool rather than a tool that will help you generate leads. 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 actually read your brochure.

Producing Newsletters

Newsletters are great! They're cheap and they're easy. By using a desktop publisher and some decent paper, I can produce a great-looking newsletter for about 60 cents a copy.

For some reason, people seem to attach more credibility to the printed word than they do to an electronic message. 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.

That said, we also use e-newsletters as a marketing strategy. We have a general e-newsletter that goes out to our web site subscribers, another that goes out to our client list, and yet

another that goes out to our prospects list—a very easy process with the aid of Constant-Contact.¹

It's all about keeping reminders of your business in front of prospects, and providing offers on an ongoing basis.

Networking

Love it or loathe it, networking is a must. Join the local business groups, go to the lunches, attend the charity golf days. Once you're out and about in the local community, you'll give your business a strong advantage. Remember, however, to keep a close eye on the amount you spend on these events, and analyze the return you make closely. This can be a little difficult to quantify, as the contacts you meet today might not lead to anything for a good while.

I'm the vice-president of a local media charity organisation, I'm the president of my son's scout troop and I'm the keynote speaker for a local business college's annual event. I've met a lot of local businesspeople through these associations and have the added advantage of being seen as a leading figure within these organizations.

It makes sense to join business groups: you meet lots of useful contacts and potential prospects. Are you a member of your local chamber of commerce? What about a local charity group? Perhaps you could do a public-speaking course or join your local Toastmasters group—learn a new skill *and* meet people who are, more than likely, in business.

Preparing Videos or DVDs

Describing your business and the benefits you provide on a video, DVD, or CD is a great idea, right? Not really. People are actually quite unlikely to watch the video, nor will they look at the DVD. You'd think they would, and these media do provide a great way to demonstrate your expertise, but it's too easy for people to procrastinate with any media that can't just be picked up and read. If someone dropped off a DVD to your office, would you be likely to find time to look at it?

Providing Sponsorships

Sponsorship opportunities usually require you to provide cold hard cash or services. The impact of these kinds of arrangements is very difficult to measure, as sponsorship rarely provides an immediate response. It's a strategy probably best left to larger companies who

¹ <http://www.constantcontact.com/index.jsp>

want to put their branding out there, at least until your own business grows large enough and profitable enough to bear the cost against an uncertain return.

Public Relations

Love it, love it, love it! PR'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's greatest benefit is that it doesn't have to be particularly well targeted if it reaches one million people in your city, and it doesn't cost you anything!

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. 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 media. You can gain 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 succinctly within that single page.
- Your release should be on A4- or US Letter size paper only, no odd sizes.
- The paper on which you write your media release must be plain white, not colored—no letterhead, no logo, nothing but white.

As you grow a bit more confidence, and become recognized by the media, you might be able to bend these rules—this will probably be okay 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, too—it's a good example of how these 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 media 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 they can report upon the information at any time. Or you can write "For release on October 1, 2007," which lets the journalist know if your story is urgent or time-relevant.

headline

The headline of the release is next. Your headline has an important 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.

- In the first paragraph, tell the whole story: the who, what, when, where, and why. Tell the whole story in two or maybe three sentences. It's sometimes a little tricky to contain your information to this degree of brevity, but it can be done.
- The second part of the release should contain quotes that give credibility to the story while fleshing out the most important details.
- 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—this forces you to answer the question of the care factor. 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.

Making Contact

Send your release to the right person. A quick call to the reception desk at those newspapers or television studios you’re targeting should provide the information you need.

Top Ten Tips for your Media Release

- Make sure the information is newsworthy. This is vital. No one is interested that you’ve redone your own web site.
- Write a great headline.
- Start with a brief description of the news: the who, what, when, where, why, and how.
- Ask yourself, “Is this really newsworthy?”
- Make sure the first ten words of your release are effective, as they’re the most important.
- Avoid the excessive use of adjectives and fancy language.
- Focus on the facts.
- Provide contact details, and make sure you can be reached.
- Send it to the right person! There’s not much use sending your IT story to the sports journalist.

Follow the structure 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!

Distributing 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. Is that the best course of action? Or should you sit at your fax machine and methodically send out release after release to the editors you’ve targeted? Perhaps you should send the release off to an Internet-based service for rapid email distribution?

The best way to distribute your release depends upon 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. Once again, it’s all about targeting. 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.

Receiving 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 telephone who wants more information on the story, and perhaps a quote or two! What do you do next? You have a couple of options:

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

If you choose the second option, you'll need to be ready ahead of time. The point is, when you prepare your release, to prepare for what may happen afterwards. Prepare for the interview, thinking about what the 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 work. 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 hasn't 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's 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!

Thanking the Media

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 them out for dinner, or just send money? No, you don't. The journalist would see that as a rather obvious bribe and be offended.

Look at this situation from the perspective that we use to approach client care. Anyone who helps your business is doing you a favor. If you reward the behavior, it will be repeated. 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:

Example 6.3. 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, ...

What *Not* to Do with your Media Release

First, the confession: I've done this once or twice, and 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. 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?

- Editors don't enjoy it. They have your release. If it's newsworthy they'll follow up on it. Leave them alone—don't be that annoying person.
- 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 \$1.00 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'll spend following up that release. For that \$200 I could fax a release to another 500 editors! Considering 600 minutes is ten hours, that's a full day's work—your time could be better spent.

Is there an Advantage in Using a PR Agency?

Good PR agencies 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. In the world we actually live in, however, the PR person already has credibility with a press contact at the paper, so 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 media 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. Using a PR firm can be expensive, and if you do the release yourself you'll develop yet another skill which, in turn, will help grow your business.

As an aside, we've taken both paths over the past 12 months and had better success with using the PR agency. Our ROI has been massive, yielding approximately \$30 income for every \$1 spent. The PR agency worked extremely hard and was focused on getting us into the media.

Providing Free Samples of your Work

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 yet developed any web sites, 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 the question of providing free samples of your work? There's a lot to be said for not doing a free site unless there's an obvious and achievable benefit for you. You're in business, after all.

But then there's developing a free site ... that pays. If you can see a real benefit in designing a site for free, then doing so might be worth its weight in gold. But be business-like—put a few caveats on the production of this free site.

- Ask for homepage 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 web site, and so on.
- 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 homepage.
- Have the client agree to recommend your business to any person whom they feel 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.

There's one important 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 that you possibly can. What goes around comes around—in web development just as in life. Let me explain:

Example 6.4. 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. 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 this helicopter service 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 helicopter service 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 the helicopter service." Both the plaque and the photograph are on display in our office.

They even provided a day for me to take along five clients for a "Crewman for the Day" training day, where we were trained in escaping from an underwater helicopter simulator, as well as winched 150 feet from a chopper into the ocean. 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 web site sales from our association with the helicopter service, 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 the helicopter service'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 to the benefits you need 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 businessperson!

Key Points

- ☛ There are myriad ways to market your business—and myriad ways to waste your marketing budget!
- ☛ Consider the CPM and media wastage inherent in any campaign you undertake.
- ☛ Don't suffer analysis paralysis—try a few different options.
- ☛ Public relations provides you with instant credibility—write a newsworthy release for optimum exposure and make the most of the publicity generated by any free sites you build!

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'll build 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 question. I hope you've seen the many different issues that impact on the effectiveness of any marketing campaign. 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:

- ☛ 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!
- ☛ You'll be able to convert more prospects into paying clients.
- ☛ You'll generate referrals—an excellent 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 in your case, not what the so-called 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 to sign up four clients within two months. It might be to generate sales of \$10,000 within a month. Or even to have ten prospect meetings within two weeks.

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 five-dollar words hard to spell, but they're too ambiguous. You need something simple, easy, and measurable.

Market Information

Okay, 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 50-mile radius, participating in high-tech industries.

As we discussed earlier in the section called “Defining your Market”, perhaps you've also completed a survey to find out exactly how these companies choose web developers. 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're all members of the local chamber of commerce.

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

- the size of the market
- market segments
- who the competition is
- the competitors' strengths and weaknesses
- your target market
- their buying patterns: many businesses are seasonal

Once you have this information, you'll be better armed to attack that market for best results. When you start business you want as many clients as you can get as quickly as you can.

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's 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, a point of difference. You need to be different so that you stand out and become noticed. 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. If you're noticed, you're 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.

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** Your message must grab the attention of your market.
- 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's going to happen as a result of your marketing unless you grab people's attention. Do whatever it takes. This is why I did the radio show, why I do the public speeches and why I advertise—all of those tricks gain the attention of the target market.

Tell prospects their problem, then offer the solution. Once you have the prospects' attention, you should restate their problem—a good way to express that problem 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. Finally, you ask them to take action—ask them to contact you.

Being outrageous attracts 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 make your prospects enjoy themselves—cause them to laugh—and you're off to a great start!

Measurement

Okay, so now we have 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 that 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 web site 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: one hour
- ☛ unproductive leads generated: 14
- ☛ time spent following unproductive leads: ten hours

- 🕒 time spent on winning proposals: eight hours
- 🚗 travelling time: four hours
- overhead costs: postage, letterheads, envelopes, telephone calls, and the like

Assuming you generate a healthy 30% profit on the jobs themselves—that's \$1,800—you need to deduct wages for 23 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. Just do it! Think big; isn't it time for you to be attracting those clients that everyone else seems to reach?

Key Points

- 🎯 Make a plan! Identify your objective, and how you'll reach it.
- 🌐 Consider the market and your competition.
- 📋 List the tools you'll use to market your business, and the message you'll promote.
- 📊 Measure the results of everything you do.

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 it!

We qualified this 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 PR primer for your use in attracting media attention to your work.

Lastly, we looked at developing a marketing plan that contained achievable 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.

Chapter 7

Developing your Unique Advantage

A client recently said to me, “I’m so pleased to have found you!”

It mightn’t always seem like it, but people who are in the market for a web site *want* to find you! They want to gain reliable help for their possible site. They want to hear your ideas. They want to find you, so you have to help them do so. How? *You need to stand out from the crowd.*

In this chapter, we’ll talk about standing out. We’ll start by looking at your competitors. Once you know what you’re up against, you’ll have an idea of what you can use as your unique selling proposition, or competitive advantage, to set yourself apart from the rest.

Next, we’ll consider a number of meaningful ways you can use your competitive advantage to differentiate yourself from the competition to win not just that first job, but subsequent work as well.

We’ll also discuss your own secret weapon. That’s right—yourself! We’ll talk about the easiest and most effective ways you can leverage your own talents and skills (and that dazzling personality!) to support your unique selling proposition and your business in the longer term.

We’ll finish the chapter by asking, “How can you create a perception of success?” Identifying your unique selling proposition is one thing. Communicating it to your clients is another. But having them associate your competitive advantage with your—and their—success is something else entirely. We’ll see how it’s done in just a moment.

Identifying your Unique Selling Proposition

Before we launch into deciding what your unique selling proposition will be, we need to do a little legwork.

Obviously, your competitive advantage—that unique benefit that only you offer—must be valued by your target clients if it is to be worthwhile for your business. But how can you find out what's valuable? Simple! Ask yourself that old favorite of ours—the magic question!

Why Should the Client Buy from You?

If this kit manages to drive just one point home, I hope it's this question. We've touched on it previously, and now I'd like to mention it again in the context of caring for your clients. It's a tough, hard, competitive world out there. Nothing is easy, and in business, nothing will be handed to you on a silver platter. You need to provide a reason—and a very good one—for your clients to buy from you.

Let's face it: whatever business you're in, it's likely to be similar to any other. A web design is a web design. A graphic is a graphic. Programmers abound by the thousands. So why should your clients buy from you and not the others?

It's not what you do that gives you a competitive advantage in the marketplace: it's how you do it. You have to stand out, and you must be unique in what you provide, otherwise you'll be like all the rest; then your clients would have no compelling reason to buy from you.

What characteristics will you use to differentiate your business? Well, first you'll have to know what your competitors are using to market their services, in order to understand what you need to do to differentiate yours.

Developing your Competitive Advantage

Love your enemies, as they say. I love my competition. If it weren't for my competitors, I wouldn't have the business I do. And you, too, must learn to love your competitors:

- Competitors will keep you at the top of your game, because you'll constantly be trying to outwit, outsmart, and out-think them.
- Competitors will help keep your quality at a high standard.

Here's a case in point. My business outsources quite a lot of web development work, and there have been many occasions when I've asked competitors for quotes for the work re-

quired to help us complete a project. I once asked a local firm to provide a quotation for completing a small job. The business came back with a nice proposal, the price, and three referees—past clients of the company, whom we could call to check the quality of the company's work.

I rang those three referees, and their responses were all the same: “Bad service, poor-quality work, and no, we wouldn't hire them again.” I then visited the competing design firm's web site, and there on the homepage were links to every web site they'd ever completed. That's a rich source of perfect leads if ever I've seen one: a list of local businesses who already have a web site, most of whom are probably dissatisfied with the level of service they've received. Thanks to this competitor, I could have had a whole new raft of potential clients.

This is the kind of benefit your competition can provide—handing you contacts on a platter! While I wouldn't advocate ringing clients of your competitors in the above scenario, there's nothing wrong with checking out the client lists that web developers tend to display on their sites and start marketing to these people. After all, this is business and they're your competitors—it's a competition.

The most important gift your competitors can hand you, however, is ideas about how to make your business unique. You'll remember that we talked about benchmarking, back in Chapter 2. Well, now's the time to put that technique to good use. Benchmarking other businesses is another way to identify what it is about your business that sets you apart from the rest: this is your own competitive advantage.

By reviewing your competitors, and then applying what you've learned to your own operations, you can find out how to offer your clients what your competitors can't. Once you can do this, you have a sound competitive advantage. Let's consider the various ways in which you can differentiate your business from the competition.

Standing Out: your Options

As I mentioned before, there are many ways you can stand out from the crowd.

You might select price as your key differentiator, another person might decide to differentiate on market positioning—think Richard Branson!—and someone else might decide to use a personal touch to stand out from the crowd. The point is this: you must stand out, or you'll be just like everyone else. When you're just like everyone else, there is no reason for the prospect to buy from you.

Many businesses use lower prices as the main thrust of their marketing and the central theme of their operations. Price is the easiest factor on which you can compete. Many people do so, in the mistaken belief that price is the biggest choice influence in the sale of web development services.

“Well, I can do it cheaper than anyone else,” I hear you say. That’s fine, but consider this: I’m sure of a couple of things. First, someone, somewhere, some day will be cheaper than you. This fact is absolutely, 100% guaranteed. And then, what? You’re out of a big chunk of business.

Second, price simply isn’t the major decision-making factor for most people who are in the market for professional services. People will certainly take a look at the price for the sake of comparison, but if you demonstrate that you provide better value for money than everyone else, then you’ll get the job. People are really looking for value for money, not the cheapest price they can get.

A person running a business has one very simple goal: to make money. Therefore, if you can show how your proposal will outperform those competing proposals priced at half your cost, you’ll win the business. Now, there’s a good argument: if your price is twice as much as the competition, it stands to reason that the outcome will be twice as good!

Service is the best way to stand out for a variety of reasons, not the least being that creating the perception that you provide superior service is exceptionally cheap. Unlike price-based differentiation, where standing out requires you to reduce your profit margin for every client, service differentiation allows you to increase your profit margins as your reputation for quality grows! Then, there’s the fact that superior service generates its own rewards—in the form of referred business. Again, this happens at no additional cost to you.



They Don’t Call, they Don’t Write ...

Service levels are often criticized industry-wide, and service is obviously something that should take precedence in any industry that’s built on relationship management.

My experience with Dell is a prime example. My first purchase of a Dell was about ten years ago. I jumped onto a friend’s computer, got online, and selected a Dell. I paid my \$5,000, and the computer was duly delivered. Dell takes enormous pride in their level of customer service and the satisfaction level of their clients. I have to say that the Dell is easily the best computer I’ve ever owned. But their customer service?

Well, I can't actually say anything about their customer service, because after I purchased that computer I never heard from Dell again. Not once in ten years. That's \$100,000 in missed sales—since I bought that computer, I've probably purchased another 12 desktop computers, four laptops, and a heap of other gear. I've also been the primary referrer for around 20 clients who have bought Dell computer systems. Obviously, if Dell had managed the relationship with me in any meaningful way, then the sales generated from that initial purchase would be close to \$100,000 now. I know that mightn't mean much in the world of Dell, but they're certainly doing an awful lot of advertising to attract new customers when they have a gold mine in the form of past customers.

Lower client acquisition costs, greater profit per client—what's not to like? Providing perceived superior service is easy to do—it's the most valuable benefit you can provide that others can't. Service represents a compelling reason for people to buy from you. You're making a solid profit from each client, and this allows you the time and ability to allocate your resources effectively to give outstanding service.

Develop service as your unique aspect, and build it into every possible part of your business. How? Let's take a look.

Key Points

- To develop a competitive advantage, you must have a unique quality to offer clients.
- Identify the reasons why the client should buy from you.
- Analyze what competitors are offering and differentiate your business accordingly.

Putting your Competitive Advantage into Action

Standing out from the crowd is about being creative in your dealings with prospects and customers.

Now, you and I aren't like the rest—we do things a little differently. We're not going to end up with that majority of businesses that fail. We're going to find out what they're doing, and then do it better. Let's take a look at some tactics you can use to gain a serious advantage over your competitors.

Quantifying the Benefits

I've mentioned that clients want to make more money, and that demonstrating to your clients how you'll help them do this is the key to having your proposal accepted. Hardly any firms think to quantify the benefits their proposals will deliver, so it's a great way to stand out.

It can be difficult to quantify benefits to clients in many industries, but within the web industry, it's actually not so hard. As an example, if you make a pitch to a client for ongoing work, show through examples and testimonials what great results you've obtained for previous clients. For example, we tested three different homepages for a week each on a site we own. The only difference to the page was the copy. The results were startling, to say the least. One of the pages increased our conversion ratio of site visitors to sales by a staggering 40%!

As this worked so well for us, we've since included copywriting services in proposals to potential clients. During the presentation of the pitches, we take a moment to explain the importance of copywriting: "Now, Rob, the copywriting on the site is a key issue. In developing the site, our copywriters will carefully craft the message that we need to get across to your site visitors. We're very good at this and the benefits to your business will be significant.

"As an example, on a site we own, we tested three different homepages for a week each. The only difference was the copy on the homepage. The results proved the value of professional copy. The page we used during the second week increased our conversion ratio of visitors to sales by 40%. This equated to over \$2,000 worth of sales per week on a \$50 item. Now, with your product being sold at \$100, Rob, we're talking a potential benefit of \$200,000 per year!"

Money talks! Always quantify the benefit to your client. With that kind of example, you just know that the client is going to be very interested even if I quoted him \$5,000 for the copywriting services.

As an example, let's consider work involving optimizing a site for search engines. If you can quantify to the client the value of your search engine expertise and experience, then you have yet another way to quantify the benefit they'll gain by selecting you. Let's say the client's site sells discount perfume. According to Aaron Wall's free Keyword Suggestion Tool, the terms **perfume** and **discount perfume** were searched for 786,000 times just last

month on the major search engines.¹ For argument's sake, we'll assume that you manage to get in the top ten spots for both terms. If we then assume your listing achieves a 6% clickthrough rate, we're talking 47,160 visitors per month. Now we'll guess that 3% of these visitors will actually purchase from the site at an average sale of \$65. Your search engine optimization skills are suddenly worth \$91,962 per month to the client!

If you present your search engine proposal by demonstrating that you've achieved top-ten placements for previous clients, along with the above quantification, then you'll get that job every time. Why? Because quantifying the benefits you can deliver will make you stand out from the crowd.

Putting On a Show

I'll speak more about this later, but I wanted to mention it here as something a lot of web developers don't do—so it could be a critical part of your arsenal of competitive advantage tactics!

Imagine entering a wonderful five-star restaurant. Soft candle light flickers, perfectly attired waiters move swiftly from table to table carrying platters of exquisite food, and the elegant patrons are enjoying wonderful meals. As you and your partner are guided to your table, a waiter glides over to greet you. The same waiter anticipates your wishes throughout the evening, hovering in an attentive yet unobtrusive manner that suggests extreme professionalism. Would you expect to pay top dollar for the experience? Probably.

The same expectations apply in the web design industry. When a client asks us to do something as simple as register a domain name, we don't say, "Sure, no worries. That's easy—it'll only take five minutes." Instead, we put on a show:

Example 7.1. Domain Name Show

"What domain name are you interested in? What extension would you prefer? I'd certainly suggest having a .com extension because of numerous factors, not least of which being that your main client base is in the US! Hmm, we'll do a little research about the name you've chosen and consider the key issues.

"As you know, first, we'll need to ascertain its availability. From there, we'll need to consider issues related to the ease of use of this name for your potential customers, the

¹ <http://tools.seobook.com/general/keyword/>

way search engines deal with domain names and, of course, we'll want to ensure that there are no trademark or other infringements associated with the name.

“Now if the name you want isn't available, we'll use a sophisticated database to establish the names that are closest to your selection and most appropriate for your business, and we'll present them for your consideration. Once we've considered these factors, we'll make a recommendation to you as to the most appropriate course of action. When you give us approval on the name, we'll then proceed through to registration. For that, you'll need to provide details of who will own the domain—and, as you know, it's important we do this via a secure and trustworthy source to ensure there is no name hijacking or similar problems in the future.

“We'll have your business listed as the owner, and we'll be listed as the technical contact so that if there are any technical issues related to the domain name registration, they'll come straight to us. As you know, with our experience we can very quickly take action on any situations that might arise. We've registered hundreds of domains before and have a very strong working relationship with a number of official registrars. We'll take care of the whole process, so you won't need to worry about a thing. Does that meet your needs so far?

“Well, with your approval, I'll get my team on the job immediately. It'll take about two days to complete all this, and of course we'll keep you informed the whole way. Shall we make a start?”

Now these are, in a nutshell, all the things we consider when a client asks us to register a domain. Our considerable experience, expertise, and contacts allows us to take care of the work in about 20 minutes, but that's not what's relevant. What's relevant is that we've just turned a quick task into a salable service. Although you can register a domain name for \$10, by taking the client through the process of what you do, the potential pitfalls you avoid for them and lots more, you can now charge a premium on top of the \$10 registration fee.

Put on a show, demonstrate your expertise, and charge accordingly. We'll look at other ways to charge more for your services a little later, but for the time being, you can see that a little showbiz can go a long way toward demonstrating your expertise and experience—and your competitive advantage.

Praising your Competitors

Competitors do something else I love: they badmouth you. “Oh goodness, have you seen their designs? They’re awful! That business is hopeless. Choose us! *Choose us!*”

The whole point of a competitive advantage is that it makes you stand out from the competition. If everyone—except for you—badmouths the competition, this is another easy way to stand out. “Joe Smith Pty. Ltd? Oh yes, they do some lovely work. Would you like to know the key differences between our service and theirs?” As soon as you say that, you can’t lose. Of course the client wants to know how you’re different. They’re all ears!

Praise your competition—then explain why you’re better. Your design business is no different from other design businesses. The only real difference is the way you do things. Look after the little details better than the competition do and you will make more sales. It’s that simple.

Offering a 100% Money-back Guarantee

This is the most controversial tactic I advocate, a tactic that always seems to get me into strife with other web professionals and small business owners. But providing this guarantee can provide the biggest advantage over your competitors that you could ever want.

Everything we do for our clients is guaranteed 100%. Yes—everything. If clients are not happy with the quality of our work, then they receive every cent back. The only person who makes the judgment call is the client.

I hear howls of protest every time I advocate this, and yet have never found a decent argument against it. When you make a purchase, the very first thing you will assess is the level of risk associated with that purchase. That’s why people pay a premium for a new car—it’s because the new car comes with a warranty and a quality assurance.

A web business is no different. Your clients need to be convinced that you will do what you say, which is why referrals are so effective. They also need to be convinced that what you do will work, so the guarantee needs to be iron-clad. If clients are not 100% happy with your service, they should receive their money back. The only people who can assess whether you have done a good job are the clients. After all, they’re paying the bill.

The point I keep hammering is this: *guarantees reduce risk*. If you can get your client to see that there is absolutely no risk in going with your business, then they’ll buy every time. If you do what you consider to be a good job and the client hates it, then you haven’t successfully educated them about what might well be the best solution for the project.

And anyway, you're not here to do a good job—you're here to do a great job. You're here to have the client think, "This business is unbelievable! They're the best I've ever seen!"

Guarantees help give you this edge. A 100%, no-questions-asked, money-back guarantee is a rare thing in the intangible world of the Web. How many of your competitors offer their clients this degree of assurance? A guarantee really will set you apart—it's an extremely effective point of difference.

Now, I know what you're thinking: what if the client calls in your guarantee? Well, it should be almost impossible for the client to call in the guarantee. You guarantee that the development of whatever you do will be as you both agreed. That's fair enough, isn't it? Any work you do for the client must be the result of a consultative approach. You should always be asking your client, "Is this okay? Is this how you want this section to work? My recommendation here is to do it this way because of this, this, and this. Do you agree?"

It's nothing more than good, old-fashioned common courtesy, and makes great business sense. Keep your client involved. It's this person that you have to keep informed and pleased. You should be getting your client's approval for each aspect of the work you complete as you go. If you explain the reasons behind whatever you do for the client, and receive an okay, then there's no way the client will come back to you later to ask for a refund. It's almost impossible for them to do so.

Using a consultative approach, which is what every developer should be doing, your guarantee is a safe bet—and a powerful way to stand out from the crowd.

Keeping in Touch

One of my biggest business successes came about after a prospect had turned down my quote. As I've mentioned earlier, there are plenty of potential clients out there. So if someone rejects you, simply put the rejection out of your mind and move on, right? Well, not entirely.

This was our only rejected proposal for the entire year. I did what you should always do when someone turns down your proposal. I said, "Thank you very much"—and meant it. Here's an example of an actual rejection letter we used:

Example 7.2. Rejection Letter

Dear x,

Hope all is well.

Thank you for the telephone call advising of our missing out on working with you on the redevelopment of your web site. While we're disappointed at not working with your team, I know what a tough call it is to figure out the best solution, and I thank you for considering us.

I'm sure that z will do a great job, and that the site will provide you with the substantial benefits we know it can. Please consider us in the future if you require further web work.

Thanks again, x. Take care.

Yours sincerely,

y.

You should send a "thanks for rejecting us" letter such as this one for several reasons:

good manners

It's good manners. The prospects gave you an opportunity to get their business, but you couldn't convince them to select you. That's not their fault, it's your fault. Thank them for the opportunity.

reassurance

Not every web designer will turn out to be well suited to the client. Clients have been known to change their minds, and you need to be there when they start to reconsider. People are very vulnerable immediately after they have made a big purchase. They want reassurance that they made the right decision—and if they don't get that reassurance from the developer they initially chose, then you may be the person next in line.

follow-up opportunities

When you put the prospect's details into your database and make contact with them down the track, they won't be surprised to receive follow-up material from you if they've already received your letter. You've subtly mentioned, in a very positive way, that the site should "provide you with the substantial benefits we know it can." If the site doesn't perform as they expect, you might be next in line to have a try!

The prospect might need the site redeveloped in a year. Now, in that year you would have sent them just four mailings:

- ✦ the “thanks for rejecting me” letter
- ✦ a newsletter
- ✦ an update letter
- ✦ a “Happy birthday to the site” birthday card, which might say something along the lines of “Hey, you rejected us the first time! Is there anything we can do for you now?”

The total cost for the year’s communications to this prospect is about \$5.00. The potential benefit? A strong foundation for new business. After one year, the chances are good that the prospect no longer works with the original designer, for a range of reasons. This represents an investment of \$5.00 for the chance to land a \$10,000 job—not a bad ROI.

I keep mentioning the unfortunate businesses that fail within five years. If you keep in touch with client who rejected your proposal, there is an excellent chance you’ll pick them up later—it’s akin to survival of the fittest.

Thinking outside the box a little more, in the last point above, I’ve mentioned the birthday card. You need to develop a relationship with a client, and that means keeping in touch. Keep in touch with any prospect you meet, and you’ll create continual opportunities to sell, sell, sell. The prospect will be mightily impressed when you send a card of congratulations on the birthday of the site. I’m sure not even the designer would do that!

More contact means more sales. We have a very simple policy for keeping in close contact with clients. We ring each client at least once every ten days. We always have a good reason—whether it’s to provide information concerning a spike in their web site statistics, to wish the client happy holidays, or to suggest an improvement to the site. We also send birthday cards, congratulations cards, anniversary cards, and season’s-greetings cards—lots of cards, for lots of reasons. Since we’ve positioned ourselves as a company that’s fairly easygoing, the contact is viewed as us simply being friendly.

A strange phenomenon occurred once we started using this approach. The drop-off rate of our clients fell to practically zero. We received more referrals, and we sold many more services to our current clients.

Treating them Right

Some people will advocate the use of gifts, flattery, and good, old-fashioned sweet-talking to try to seduce the prospect into becoming a client. Does that make them stand out from the crowd?

I tend to think that providing a gift, particularly if it's expensive, can very easily be misconstrued if it's presented early on in the relationship. An expensive gift before the prospect is a client can look sleazy. Having said that, it can sometimes be effective to indicate to your prospects what kind of relationship they'll enjoy if they do become your client. Show your professionalism in unique ways.

I remember quite vividly a client who was a manager in a quasi-government organization. He always had to clock in, clock out, time his toilet breaks, and practically remain locked in his cubicle for eight hours a day—it was the usual red-tape nightmare! Knowing all this about the manager before we met, I suggested that he come over to discuss the project in our offices. This was our chance to show him not only that we were very professional, but also that working with us was going to be fun, fun, fun!

When he came into the office, he was treated like a king. The meeting was held in our boardroom, and attended by the prospect, myself, and one other of our team. We served coffee, and offered delicious refreshments. The meeting was very professional but light-hearted, and we mentioned that we'd need him to return quite often to the offices to liaise with us if we won the contract. We made sure he had a great time.

We quickly assessed that this was the type of atmosphere this prospect enjoyed. He escaped from the office and the dreaded cubicle for hours at a time, we fed and watered him, and he felt special, not like a small cog in a large machine. It was as simple as saying that we'd need to meet in our offices regularly that made all the difference to this client, and it may well have been one of the key reasons we were selected for his project.

In fact, I believe we've had quite a few meetings suggested by clients just so they can come in and enjoy our environment—the food, the drinks, the staff culture. It all helps!

Offering a Token of Appreciation

Token, fun gifts can lighten the mood and keep the client happy. They're a great way to make your business stand out in the minds of your clients.

When we win a job, we send clients a small token gift to reward them for their decision. More often than not, it's some sort of novelty gift that really stands out. A golf-mad client of ours recently received a golf ball and card saying, "You've hit a hole-in-one selecting us!" Another new client, who was telling us about her new puppy, received a rubber bone for the dog, with a card to thank her that said, "We'll really sink our teeth into the job!" Okay, so we're not about to hit our big break as stand-up comedians, but the approach seems to work well.

However, it's not all gourmet food and cute toys. A very sincere "thank you," preferably written in a card, is all that's usually required to make clients thrilled that they selected you. It's so easy, yet hardly anyone does it.

With these sorts of things it's important to just relax about it and not stress too much how the gift is being construed. You're not bribing the client—what you're doing is thanking them for helping to build your business. Clients always appreciate a bit of a sense of humor and when your clients have been with you for a good while, that's when you can have some fun.

That charity bike ride I mentioned earlier was 1,000 kilometers over seven days. Here's an excerpt of the letter my wife sent out to 12 long-term clients asking for a donation for the ride:

Example 7.3. Letter Asking for Charity Donations

Hello,

As you well know, Brendon Sinclair is one of Australia's greatest living (and most modest) sports people.

As he is an athlete of incomparable talent, determination, and just plain courage, I'm sure you, like many Australians, look up to him in awe and thinly disguised desire to be him. This is entirely understandable. He constantly tells me how fabulous he is. I'm married to him and get to live the dream every day!

Well, today's your lucky day! You can bask in Brendon's reflected glory by sponsoring him on a charity bike ride. Yes, Brendon is riding his bike from Sydney to Surfers Paradise as part of the Sydney to Surfers Cycle Tour, starting March 24. He'll cover approximately 1,000 kilometers over the course of a week.

All funds raised from sponsored cyclists go to the "Youth off the Streets" charity, which is part of Father Chris Riley's well-known Sydney charity. The ride is organized and managed by the Engadine Rotary Club.

If you would be so kind to sponsor this wonderful man (at least, that's what he tells me he is) you'll receive:

- a receipt
- his commitment to stop talking about how good he is

Now as silly as that letter is, it serves a very useful purpose.

- it's another contact with clients
- it positions me as a guy who helps deserving charities
- it personalizes our business, helping me to be perceived as more than just another supplier

That simple letter raised a whopping \$2,000 from clients within a couple of days. The clients who gave me a substantial donation received a framed photo of me on the bike, signed with a thank-you plaque. Sure, it's a bit tongue-in-cheek with me acting like a top cyclist, but the clients thought it was extremely amusing and the photos now hang in their office—again, we're top of mind.

Remembering your Suppliers

Just a quick word here on suppliers. Your suppliers will become a valuable part of your business, if they're not already. It's important to leverage your competitive advantage in supplier relationships, too.

Many of the sites we develop are handled by the same web host. We supply that host with a fair amount of business, and they supply us with a sensational level of service and care. They are extraordinary. The guys at the hosting company receive thank-you gifts at Christmas, along with various thank-you cards and updates from us. As a supplier, they're a very important part of our business: the host is a partner in ensuring we provide terrific service to our clients.

Remember to keep in touch with suppliers and treat them as the important part of the business that they are. Supplier relationships are another area where your competitive advantage can really work in your favor.

Thinking Outside the Box

You'll sometimes have ideas that are like a bolt from the blue. Take them seriously, even though they may seem left-field—they might just work. One of my favorite examples is one I stumbled on a few years back:

Example 7.4. It's Who you Know

We'd completed a mailout to a local area promoting our web development services. The letter contained a testimonial from a happy client. Of the three clients we generated from the mailer, two had businesses close to the person we used in our testimonial, and they both mentioned they knew him.

It seems so obvious that people are more influenced by seeing a testimonial from someone they know or know of—after all, we ask existing clients for referrals to their friends.

So now when we send out a direct mail campaign, the message is carefully crafted to include a testimonial from a happy client whose business is located within the local area of the businesses we're mailing.

This simple strategy has resulted in our conversion rate from our mailouts going through the roof!

Key Points

- Review your processes and identify creative ways to show your point of difference.
- Be imaginative! The more creative you are with your USP, the more memorable it will be.
- Treat everyone you deal with right, from clients to suppliers, and you can't help but stand out from the crowd.

Building your Competitive Advantage into Everything you Do

Once you've identified your unique selling proposition (which, we can assume, will revolve around the service you provide) you need to integrate it across your operations. This might involve implementing the tactics we've just discussed, but it might also mean that every time you deal with a prospect or client, you do things a little differently—in line with your unique differentiator.

Let's look at the example of cold calling, and see how you can leverage your competitive advantage to make your cold calls a little less chilly.

Cold Calling

I *hate* cold calling. I hate it for a number of reasons. Cold calling makes me feel uncomfortable and I just don't think it's the right way to market my business.

The second, and far more important, reason I dislike cold calling is that cold calling doesn't work so well for us. Include it as part of your marketing mix if you see fit, but there's a better way to do it. Let's warm things up a little!

Warm Calling

I do like **warm calling**. My business was basically started with warm calling. So what is it?

You send a letter (just a simple letter would be fine, although there are more detailed versions, such as the **Differentiated Direct Mail To Prospects** on the CD-ROM) to a prospect, saying:

Example 7.5. Warm Calling Ice-breaker

Hello Bob,

Hope all's well.

Just dropping you a note to let you know I have started business as a web developer here in Yourtown.

If you ever need a web site or web site marketing, I'd be delighted to assist. Let me know if you ever need me.

Yours sincerely ...

Now, call that person in three weeks' time. It's not a cold call anymore. The prospect "knows" you. Once you do get through, say something like, "Hello Bob, I'm following up my introduction letter from a few weeks back—just saying hi and getting my name around to the local businesses ... "

The vast majority of businesspeople, in my experience, will be quite happy to have a chat with someone who's just starting out, and who's not trying to sell them anything. Most people remember how tough it was to start out, and they'll be unlikely to slam down the telephone.

Then follow that up with a thank-you letter. Again, don't try to sell, just work on building goodwill. Now, put the prospect's details into your database and mail special offers, newsletters, and general updates throughout the year. Don't stop. Let the prospect know you're still around, and you'll soon be making more sales than you can poke a stick at.

If you don't get through on that initial telephone call, you should still send a letter:

Example 7.6. Warm Call Follow-up

Dear Bob,

Hope all's well.

I called today to introduce myself after sending off my introduction letter last week, but couldn't get hold of you.

I'm just trying to get known around the place, and called to introduce myself so you could at least put a voice to the name.

So, hello!

As mentioned in the letter, we are a new web development firm and specialize in local web sites. If we can ever help your business, please don't hesitate to give us a call to discuss your needs.

Regards ...

But what about the really warm call?

Really Warm Calling

My absolute favorite is the **really warm call**. As a web developer, it works like this.

Once each month we target a particular industry and search for web sites within that industry and our catchment area. Although you can do web work for anyone, anywhere in the world, it is far easier to make sales to prospects within your local area, as we've seen. We'll review probably 130 web sites, and 100 of those will be sites that we feel we can improve upon substantially.

We do a report for each, detailing the site's load time, ease of navigation, browser compatibility, and search engine rankings. Then we write a letter to the manager of the busi-

ness—never the webmaster—to explain that we can help the business make more money by attracting more web visitors and generating more sales. The letter we send is a form letter that we adjust for each site. Here’s an example of our letter:

Example 7.7. Really Warm Call Follow-up Letter

Dear Bob,

I hope all is well.

I’ve just been looking at [*web site*] and noticed you use Google AdWords as part of your online marketing. You’ve done a great job already with Analytics on the site; the booking form and content are terrific.

I’m writing to see if you have time for a chat about your site—with a bit of work you could get a high search engine ranking on Google, not to mention Ninemsn and Yahoo!, generate a ton more visitors and sales, and remove the need to pay for each visitor via AdWords. The natural search engine rankings get a far greater clickthrough rate than AdWords, as well as result in a higher conversion rate.

A quick review tells me that these terms get a lot of searches per month [*include a list of relevant terms*]. From what I can see, you should be able to generate high rankings very quickly, and with those you’ll get a lot more visitors and need to spend a lot less/zero on AdWords. There are obviously a lot more terms besides those mentioned.

We can do what we say—here’s a bit about us to show we know our stuff: [*include a bullet-pointed list of several of your services*]

Thanks, x. I have no doubt we could get you a lot more sales—give me a call on 555-5555 if you’d like to have a chat.

Yours faithfully ...

We then follow this up with a phone call, in which we try to set up a meeting from which we can aim for a sale. Simple! We have a 6.5% meeting rate, and a 3% sales rate—and that’s three out of every hundred letters, not 3% of the 6.5% we meet. It takes three full days’ work to assess the sites, send the letters, and make the calls. And from these efforts, we expect to make three sales.

What makes sense is to leverage your competitive advantage—your commitment to providing excellent customer service—in heating up your cold calling strategy to deliver better results. This is the whole purpose of developing a competitive advantage. Make the most of it!

Recognizing your Own Secret Weapon

You are the one thing that your business has, which no one else can replicate. You're your own secret weapon!

Now you're running a business, you need to be as productive as possible to maximize your income. You need to get the best out of yourself—and there are a few ways to go about it. First, I have to say that it's all up to you. Success really is a logical consequence of the actions you take. In reviewing successful people, you will find the same traits time after time, including:

- great time management
- goal orientation
- optimism
- enthusiasm
- established marketing plan and budgets

Do you have goals? Do you regularly review them? If we look at the four key requirements for success, goals are actually the first point in the list:

- Set a goal and focus on it.
- Use great communication skills to enthuse others with your vision.
- Have a passion for what you do.
- Maintain complete and utter self-belief.

I'm not sure where I got my confidence from, but I have absolutely unshakable self-confidence in my ability to do just about anything. That's not always a good thing, as my childhood orthopedic surgeon can confirm—okay, so I can't actually fly! But in business, self-confidence is imperative.

Whenever I'm in front of prospects, I am 100% convinced that we offer them the best solution to whatever their problem may be. We have the best solution for everything. Our business is fantastic! When we get rejected by prospects, my initial thought is, "Oh, poor prospects. They've made a big mistake by not choosing us." That might sound arrogant, but it is, I believe, an essential element that has helped our business succeed for ten years

straight. It's vital for my business to survive. To get the best out of it, we can't afford to dwell on rejection. Yes, we learn from each rejection we receive, but we always maintain the conviction that our solution was the best.

If we didn't believe in ourselves, we could never sell our solution to the client. Are you enthusiastic? Are you optimistic? How about motivated? Being successful is just another skill. Skills can be learned. You can change from a pessimist to an optimist; from a negative type to someone leaping with enthusiasm.

To make the most of your life—and business—you have to give 100%. Get your body and mind into top shape so that you can do it!

Making a Plan

As I mentioned, my first step in the quest for success is always to set some goals. The goals might be as simple as dressing better, eating better, or exercising more often.

Once you get into a routine, you'll stick with it. Doing the right thing is just another habit. Some people eat at McDonald's regularly. It's a habit. Some people exercise regularly—it's just another habit. Form a good routine, and you'll start to get the best out of yourself.

When you start setting goals, an interesting thing happens in your brain. You subconsciously (as well as consciously) start to focus on those things that you're aware of (such as goals). It's for this same reason that, once you buy a bright pink car, all of a sudden you start to notice the other bright pink cars on the road! You now have a higher awareness of pink cars, and your mind actively focuses on them. Have you ever noticed how issues of interest seem to pop up suddenly across newspapers, web sites, ads, and more? It's the same phenomenon: your brain is more aware of these issues, and starts to focus on them automatically.

Set a goal, and you'll start to focus on it. Don't set those goals tomorrow, or the day after. Put this kit down and set goals now. Make a list and check it twice. What are you waiting for? Successful people have a goal almost without exception. Do you want to be successful? Then set a goal.

Managing your Time

I've asked a friend of mine who's a computer programmer to write me a piece of software that extends every day by two hours. It's not too much to ask—he assures me that he almost has it done, and is just getting the last few bugs out of it!

Are you getting the most that you can out of each day? Are you being productive? Can you use your time more effectively? I was once the world's worst time manager. When I worked from home, I'd work 18-hour days perhaps three times a week, and fit in at least one all-nighter, too. My wife hardly saw me, even though we both lived and worked under the same roof. My easy days consisted of 16 hours' work. I also worked seven days a week.

Then I moved into an office. My productivity increased threefold—at least. I simply couldn't believe how much work I got done when I was seated in an office with some support infrastructure around me. Amazing! But even in the office, I found plenty of things I was doing wrong. I spent most days returning calls, putting out fires when they started, and generally dealing with issues that didn't really need my attention. These were things I could have done better. Optimize your days—they're in short supply.

If you ring me now, I'll almost certainly return your call between 3.00 p.m. and 4.00 p.m. Our receptionist takes all my calls, and I call everyone back in a single block of time. When I make the calls, I'll have my to-do list in front of me, along with my appointment calendar. This means I have the majority of the day to focus on doing what provides us with the most income.

If you're working away on a web site, you'll be deep in thought considering whatever the major issues are at that moment. Then, when the phone rings, you'll be on the telephone for at least five minutes. You might spend another ten minutes dealing with whatever issues arose from the call. Then, you'll need another five minutes to get your mind back onto the problem at hand. All this can amount to a lot of interruptions, and a lot of lost focus.

Take a look at your day—break it down into five- or 15-minute sections and review exactly what you're doing. Are you being as productive as possible? I find that I need to write down the most important things in my business life, or they can sometimes just slide on past.

We allocate two hours a week to staff training in my business. It's probably not enough, but it's a good start. Those two hours a week took about a year to actually organize. We were always going to stop for the training; we just never got around to it. That's a situation I'm sure familiar to many readers. Then, at a staff meeting, one of the team said, "Okay, listen up! Everyone write down in your diary that staff training is on Wednesday at 11.00 a.m. No meetings for anyone. No work allocated for that time. Staff training is at 11.00 a.m. Write it down!"

We had staff training that Wednesday, mainly because I'm scared of the staff member who made the regal decree, but also because I had written it down, allocated time to it, and juggled my other tasks around this event.

Delegating

Now here's a time saver.

In my office, it's fairly well acknowledged that I'm not the man for quite a lot of tasks—my mind simply does not work for them. I'm not creative, so don't get me to design a web site. I'm not logical, so don't get me to do the filing. I'm not good at concentrating for long periods of time, so get someone else to write copy. I don't even make a good cup of coffee. However, I am good at **delegating**.

The art of delegation can take time to learn. Mostly, I found, it requires confidence to delegate important roles within your business to someone else. It requires skill to be able to communicate the exact job you want done.

My initial delegations were a disaster because my words were too vague. In asking a colleague to write a letter to a client, I'd say, "Just write, um, 'It was nice to meet you and we look forward to helping'"—unsurprisingly, that's exactly how the letter would be written. It took me a while to realize that to delegate, you have to provide clear and concise instructions that leave no room for doubt. Delegate with detail and the results will be much better. The other important part of delegating is to let the person to whom you've delegated the job, do the job. Then get out of the way and let them get on with it.

One of the biggest problems I see with delegation is that there isn't enough of it. Delegate when you can, and put your energy into that part of the business in which you excel, or that needs you the most. To get the best out of yourself, you have to acknowledge your weaknesses. Once you identify and acknowledge those, you can shift your focus to the aspects you do well.

Summary

In this chapter we've looked at identifying, developing, and promoting your unique selling proposition into the competitive advantage it should become!

We saw how you can identify a valuable competitive advantage by asking clients what's important to them, and by looking at your competitors and other businesses. We also discussed the fact that service can be an excellent way to differentiate your business from those around you.

Next, we looked at some tactics you might use to differentiate your service in a meaningful way for your clients. We also noted that it's important to build your unique selling proposition into everything you do—to make it a real advantage for your business. Cold calling is a case in point: it provides a real opportunity for you to differentiate yourself and benefit from the advantages of doing so!

Finally, we talked about your business's secret weapon: yourself! We explored the importance of planning, time management, and delegation in getting the most out of yourself, and leveraging the most important asset in your own business.

We'll continue to work on the theme of business building in Chapter 8, where we look at optimizing your selling skills to maximum effect.

Chapter 8

Honing your Sales Skills

Many people in business don't like the idea of being a **salesperson**. They see a salesperson as a fast-talking, slick individual who uses high-pressure sales tactics and a cheesy grin to bulldoze the way to a sale.

Other people in business look at sales as being a more adversarial pursuit, in which the salesperson is constantly trying to outsmart, outmaneuver, and outwit the other person to obtain victory in the form of a sale.

Still others believe that salespeople are born—you either have it or you don't.

You're unlikely to succeed at anything unless you believe you can. For that reason alone, it's important to realize that these descriptions of successful salespeople are patently false.

- Successful salespeople aren't fast talkers. In fact, people who listen more sell more.
- Selling shouldn't be adversarial—the more you help the prospect, the more you'll sell.
- Sales people aren't born—selling effectively is a simple skill to learn.

I never, ever thought of myself as a salesperson; instead, all I do is try to help people out. You need to establish a win-win relationship with your client. If you have the attitude that you want to get as much as possible out of the client for the smallest amount of work, then you'll forfeit a lot of money. You'll lose revenue for years to come, in fact.

As we'll see in this chapter, it's important that you see your sales philosophy as being part selling, part marketing strategy. If people buy from you and win, they'll come back.

They'll refer their friends, which, as we know, along with repeat business, is one of the easiest ways to get new business. In the next few pages, we'll talk about honing your sales skills to maximum effect. We'll discuss the philosophy of selling, and the tactics you can use before the sale to put you in a good position to win.

Next, we'll explore the sales process from the client's viewpoint, so that we understand the reasons why prospects make purchases. Then, we'll leverage this knowledge with a few techniques that you can use to really boost your pitch and make that sale! We'll round off the chapter with a discussion about closing the deal.

Selling is about solving the prospect's problems. Keep this in mind from your very first contact with a potential client. That next telephone call could be the break that sets you on the course for success! Let's see how.

The Beginning

I confess that it's not really **selling** I want to talk about in this chapter. In the context of "I'll sell them on this idea," selling implies talking someone into buying something they don't really want.

What I'd like to start off with is the opposite of what you might be thinking of as selling. First, forget about yourself. Forget about making the sale. Forget about what you want to sell to prospects. Turn your thinking around completely, and think this: *you will help prospects get what they want.*

As soon as you make that distinction, accept it, and embrace it, you'll be on that yellow brick road to true sales success. If you genuinely want prospects to gain what they want—if you want to help them find the best solution possible—then you'll be successful! I'm amazed at how many so-called salespeople don't even conduct a version of a needs analysis to find out what you want when you venture into their store to buy something.

If you're helping people get what they want, you're not really selling—you're enabling people to buy. People are *happy* to buy if they think it's their decision, whereas they won't buy if they feel you are talking them into it. This is why the prospect assessment and analysis process we looked at in the section called "The Needs Analysis" in Chapter 5 is so effective—it helps you identify what prospects really want, and it helps you find the best solution to meet those wants. Only when you know what prospects actually want, can you give it to them.

Put yourself in your prospects' shoes and walk a mile. Think about the issues they'd be assessing in deciding whom to choose to complete their important web work. How would they assess each supplier? What would convince them to select you above the others? By completing an analysis like this, you can link the benefits of your service to prospects' personal desires, and relate the examples of your work that best illustrate these benefits.

If you were the prospects, what would make your offering the without-a-doubt, 100% guaranteed best choice? That's what you need to know if you are to give prospects what they want.

Prequalifying

Many years ago, I owned a few real estate properties: this led to my meeting the best salesperson in my state. This woman had a reputation for having an amazing closing rate for the properties she listed. In my dealings with her, however, I found her to be very much on par with the other salespeople I knew. She didn't seem to have any particular gift, she was articulate without being a star, and she seemed quite normal.

I happened to get to know this super salesperson on a social level, and so I was able to ask her her secret to success. The answer was amazingly simple. While every other salesperson was out there madly listing and trying to sell properties, she would quietly go about her business—prequalifying the *seller*, not the buyer. No one else did that.

If the sellers were motivated to sell, and realistic about the price the property would fetch, then she'd list the property for them. If the sellers weren't motivated to sell, or had an unrealistic expectation of the price their real estate would fetch, she wouldn't offer to sell it. "If a house is priced too high, or the seller really isn't motivated to sell, then you have to do an awful lot of work to sell a property," she told me. "My thinking was that if the price was right—and I never priced a property lower than what I thought was a fair and reasonable market value—and the seller wanted to sell, then I would be able to make a sale, and make it quick. I didn't want to be showing 30 people through an overpriced house, and have a few make an offer, only for the offer to be rejected by the seller because their expectation was unrealistic."

How does this philosophy of prequalification apply to you? Prequalifying is really an extension of Chapter 6, where we discussed targeting your market with laser-like precision. You must prequalify your prospect before you commit the substantial resources required for making a full-blown proposal. It takes quite a few hours to thoroughly analyze a prospect's needs; don't waste that precious time. You can't afford to present a proposal to 100 prospects and have only five of them truly interested in what you're trying to sell.

If you prequalify your prospect, you can very quickly establish if that person is in the market, right now, for what you sell—and at a realistic price. The underlying presumption must be that the prospect wants to buy a web site. If the prospect doesn't meet the criteria you establish, then move on. You're in business, and you don't have time to waste on people who aren't interested in your service at the right price. Remember: sales isn't manipulating people to do something they don't really want to do. Sales is persuading people to do what they *want* to do.

In the days before I started prequalifying my prospects, I'd quite often spend up to ten hours reviewing a client's needs and wants, and putting together a sensational proposal that addressed everything we've discussed. Then, I'd make the pitch to the prospects and discover that the budget, from which they were determined not to move, was \$250. I didn't make that mistake too many times; like I said earlier, I now ask straight out for the client's budget.

The easiest people to sell a web site design to are people who recognize they desperately need a web site design. Next are the people who recognize they quite badly need a web site design. Then come the people who recognize that it would be an advantage to have a web site design, and on it goes.

We'll discuss prequalification in more detail a little later in the section called "Developing Sales Technique," but for now, remember: prequalify those prospects and make that sale!

Selling Solutions

Always remember that you're selling solutions. When I ask web designers to provide proposals for jobs, they'll almost always say something like, "We can have it completed in just three weeks." What they should say is, "When do you want it completed by?" Remember, they should be thinking "How can I help this client get what they want?" Then they can tailor their proposal to meet *my* needs, not *their* needs—it's no good telling prospects that their site will be completed in just three weeks if they need to launch it in two weeks.

I once had a call from a client who needed a web site designed and ecommerce-enabled within 48 hours. He had taken out national newspaper advertisements promoting his new site, but the web team he'd contracted had thrown in the towel that day. Could we do it? Of course we could, and we did it easily: we are in business to meet our clients' wants. He wanted that site live, and we delivered. Sure, we had to pull an all-nighter to get it done, but it got done. The client understood there would be a premium added for the site, but that didn't worry him—all he wanted was a solution to his problem.

This can-do attitude should be inherent in everything you undertake. Let's say that client rang you up and said he needed his ecommerce-enabled site online within a couple of days. You're already snowed under, barely keeping up as it is! Can you do it? I hope so. You're in business and you need to lasso every dollar you can. I'm sure a quick ring-around of friends and colleagues, or via utilizing resources like SitePoint's Marketplace would soon find you a web designer who'd be willing and able to do the job.¹ You might know of a good shopping cart that takes an hour or two to set up. Hosting services could be ready in an hour, a domain name in ten minutes. Whack a fee on top for project management, and a very solid profit for the job, and you have yourself a deal!

Spending Time with your Prospect

Our surveys show us that there is a direct correlation between how long we spend with the prospect and making the sale. In my experience, I've found this absolute truth: the longer you spend with prospects, the more likely they are to buy. You'll need to keep an eye on this tip; after all, when prospects meet with you, they're committing their time. That's a great buying signal—otherwise, they wouldn't want to waste their time by meeting with you.

We ask our prospects to a minimum of two meetings, not only because we need to closely analyze their requirements, but also because this allows us to develop the relationship the way we need to. The prospects have made an emotional commitment, and they want to feel that they've made that commitment to the right person.

Selling to the Decision-maker

You can sell only to the person who can make the decision to buy: you need to be making your sales pitch or presentation to the person who's in a position to agree to your proposal. It's pointless to make a pitch for the development of a major web site to the intern of a large business. You'll need to speak with either the marketing director or the managing director.

Your potential clients will base their buying decisions upon a whole range of criteria. Your enthusiasm is one, perceived expertise is another, and whether they like you is important, as is the way you look. All of these aspects are wasted if your fabulous sales pitch is made to a junior member of the management team, who then turns around and tries to sell your proposal to the real decision-makers.

¹ <http://www.sitepoint.com/marketplace/>

You also lose the ability to identify, during the presentation, what is important to the buyer. A potential client will often have shifting needs and you need to be able to respond to them instantly. Even though you may have done an outstanding job of analyzing, in close consultation with the prospect, the needs and wants of the potential client, these requirements can—and do—change fairly rapidly. If you aren't making your pitch to the decision-maker, then you'll be unable to identify what is truly important to the prospects at the point at which they want to buy.

If the potential client sees the security of the web site as a major issue, then you need to be able to identify this and quickly shift the focus of your presentation to address that need. If the potential client is strongly focused on web site marketing, then you need to address that more strongly. Often, these key issues present themselves only at that crucial moment at which you're making your pitch for the business—over the years, I've become master of making things up as I go along!

Let's say you've made the pitch to the junior person and have answered the questions they've asked. Everything looks great. He then takes the proposal to the marketing director. The first thing the marketing director is going to ask is: "How much?"

Junior will skip the whole careful presentation, flick to the final page, and say, "\$25,000." No sale!

This is not the situation you want for several important reasons: the price is always the last thing you mention, even though it's always the first thing the prospect will want to know. Secondly, if you aren't there, you can't address objections; if you can't address objections, you won't make the sale. Finally, you'll never be able to spot those buying signals unless you're pitching to the decision maker, and without the buying signals, you can't close the sale.

Key Points

- Focus on what problems you can solve for the client.
- Prequalification is essential to successful sales.
- Make sure you pitch to the right person—the one who makes the purchase decision.

The Reasons People Buy

I've said it before, and I'll say it again: people buy for emotional reasons and then justify the purchase with whatever logic they can find. A fantastic example here is running shoes.

Nike products sell for greatly inflated prices when compared to most other brands. The people buying them are buying on emotion. They might want to be like the fit guy in the ad, be accepted by their friends, or just be "cool," in spite of the fact that the shoes were manufactured for only a few cents. Maybe they justify the expensive purchase by telling themselves that the shoes are better quality. A client of mine who imports running shoes tells me that many of those selling for \$199 are exactly the same as their \$50 counterparts, just with different branding.

It follows, then, that prospects simply will not be interested until you show them what you can do for them. They act for self-serving reasons, no matter what they say. Your sales effort must be focused on selling yours as the best solution for these particular prospects. Show prospects how you'll make their lives easier, and they will buy. Show them how you'll make them more money, and they will buy. Make them feel good, entertain them, demonstrate how you will make them more successful, and they will buy.

Don't, whatever you do, just plonk down the price without first selling them the solution. They're really not as interested in the price as you'd think.

Selling Superiority

Prospects want to feel superior—they want to beat the competition. Leverage those competitive feelings in your pitch. Take a good look at their competitors and tell the prospects that what you're proposing will be better than what the competition has: "John, we've taken a good look at your competition's web site, and let me assure you, our vision for your web site looks much more professional."

Or, show clients how their competitors' sites currently outrank theirs on Google, and how you propose to reverse that situation. Show them an example of what rankings you've achieved in the past for clients, and then quantify what top search engine rankings would mean to their own business:

Example 8.1. Quantification

Reaching a high search engine ranking for your web site increases clickthroughs enormously: in your case, instead of 100 visitors coming to the site from your current ranking on Google, there'd be 1,800.

Instead of the ten sales you currently get per month, there would be 180 sales, and at an average sale of \$700, the sales are \$126,000 instead of only \$7,000.

Would you be interested in gaining that result for your business?

Show clients how you'll make their business superior. That will make them feel good!

Selling Trust

It'll probably come as no great surprise that prospects are far more likely to buy from you if they feel that they know, like, and trust you.

You can't really change your personality just to have a prospect like you—you'd need a different personality for every prospect, and it would be impossible to keep track of them all! What you can do instead is tailor aspects of your behavior to suit the client's preferences: in fact, you're probably doing that already, quite unconsciously.

People like people who are similar to themselves; they like people whose values are the same as theirs. Be receptive to your prospects' interests and values: if your prospects wear suits, you should wear a suit. If your prospects like talking about their families, then talk about family-related topics.

You can build trust in surprisingly simple ways. One of the most common failings in business is that people don't do what they say they will. If you deliver what you promise, you'll have a significant advantage over the competition. Demonstrate your commitment to keeping your word: tell prospects that you'll send them a letter detailing the issues discussed in your meeting, outlining the next step to be taken. Then ensure you send that letter, quickly.

It's really very obvious stuff, yet so few people do it. You'll have addressed a couple of issues here that your competition probably hasn't even thought about. You've demonstrated your professionalism and you've shown that you do what you say you will.

Very subtle, very easy, and very small details like these can make a big difference to the success of your business.

Selling Enthusiasm

Project your enthusiasm onto the project. Your prospects will pick up your energy and they'll love the fact that you're so excited about their project. The client will not only appreciate your enthusiasm, but also realize they'll receive a better job because you're enjoying what you're doing for them.

We're currently working with a company that produces a bottled water which claims superiority over everyday water due to the addition of various minerals, and a sophisticated filtration process. The water has been six years in the developing. The developer of the product was very reluctant to be the front man for the pitch to major media, as he felt very intimidated and professed a loathing for the spotlight, but he really was the only man for the job because of his passion and enthusiasm for his work. Finally, he went forward with the pitch.

The result? The advertisements were sensational! When this man spoke of his pride in developing the water, his enthusiasm shone through like a beacon. Instead of coming across as a magic-potion salesman, he came across as a genuine innovator who truly believed in the water and the health benefits it provides.

You've probably been on the receiving end of a salesperson who very enthusiastically talked about his product and what it could do for you. Enthusiasm creates trust, and trust helps sales.

Get enthusiastic!

The Pitch

We covered the essentials of pitching back in Chapter 5; now that you're a little more experienced in pitching your proposals to clients, I want to take a look at the various ways you can improve your pitch, and give yourself an even better chance at winning the gig!

There are many aspects you need to consider when honing your sales pitch, but these are probably the best couple of snippets of advice:

- Be prepared!
- Remember that no two sales pitches are the same.

As you become more experienced in pitching, you'll become more effective at it. You'll realize the importance of extensive preparation prior to the pitch meeting, even as you learn to pick up the buying signals more easily and your confidence increases.

That confidence manifests itself in very positive ways. It increases your sense of credibility; you'll become more relaxed and able to adjust the pitch to the changing dynamics as the pitch meeting moves along. The level of pre-meeting preparation apparent on your part will signal to the prospects that the level of service they'll receive will be equally as thorough.

I'll now take you through the major components of the pitch, and explain the ways you can improve on each. You might like to develop a detailed pitch yourself. Basically, our sales pitch always restates the prospect's problem, provides testimonials of our service level, ensures we have an offer to give the client, and follows a fairly typical script.

Honing your pitch and your presentation will take time, and it's only through experience that you'll really grasp the opportunity to see these ideas in action. Each point is a tactic we've implemented in our own pitching process, and together, they really do work!

Demonstrating Expertise

When you make a pitch, you'll be demonstrating your expertise and experience many times over.

I've found that a well-placed mention of our team's past experience in a certain area can really give us an edge. For instance, I might say, "Now, this part of the job is very difficult to implement, but we've implemented it many, many times and consider it a specialty of our firm. You'll need to get this part right because it's so important."

That phrase not so subtly tells the prospects that if they choose someone else, they increase their risk of failure.

Telling Stories and Anecdotes

Now, as we've discussed before, it pays to constantly review your sales efforts to identify what works and what doesn't. If you benchmark against the best in any field and apply the techniques they use, you'll inevitably improve.

In my business, my ratio of closing sales is higher than that of any other team member. In our regular training sessions, I try to articulate and demonstrate exactly what it is I do, but for the trainees it's not the same as actually being there in the room with the client when I make the pitch. Observation offers a tremendously powerful way to learn, so we

decided that each of my team members would accompany me to a sales pitch meeting in order to see what I was doing that made the difference.

The overwhelming observation was that *I asked lots of questions*.

The second point was that *I didn't really have a sales pitch*—I just told a lot of stories. Why do stories work so well? Well, they've worked for millennia. Telling stories is a fundamental way to communicate, personalizing the point we're trying to make. A story seems so natural that its message becomes all the more believable and authoritative.

"Yes, let me tell you about a client who had the exact same problem. It was funny, actually; what happened was ... " People love stories. They listen attentively to them, and find it easy to take the knowledge from these stories and apply it to their own situation.

Telling a story really does illustrate your point perfectly—you're demonstrating several factors to the prospect:

your experience You've dealt with the issue before.

a solution You've addressed whatever the problem was.

an outcome The prospect can see that the story has a satisfactory conclusion.

Obviously, it's much more powerful to say, "Yes, we used the same solution for another client, and the result was a 20% increase in sales," than to suggest, "Maybe we should try this out. I'm not sure what the outcome will be. We'll have to wait and see."

In a recent pitch, I demonstrated every major aspect of my spiel with a real-life example. We initially discussed the importance of various design elements, and I backed up my assertions by showing the prospect a poorly designed site that included a huge Flash movie. This site didn't have a **Skip Flash** button, so we sat there for a couple of minutes while the huge Flash movie loaded onto the prospect's computer. I then showed the prospect some statistics and articles to demonstrate further the importance of a fast-loading site.

Next, I talked to the prospect about the potential benefits of offering a newsletter on the site. I immediately visited a site by way of example to demonstrate how easy it was to use such a solution. I also related some stories about the success of site owners who produced newsletters over those who didn't.

The next issue I addressed was what I had positioned as our unique selling point—our expertise in marketing web sites. I again demonstrated how important it was for the pro-

spect's customers to be able to find the site through a search engine, indicating various research findings that supported my assertion. We then visited a number of search engines to ensure the prospect could see that the sites our business had been contracted to market came up high in the search engine rankings.

Again, these examples were accompanied with anecdotes to show their effectiveness and relevance to the prospect's own situation. All of those tactics worked to convince our prospect that we were expert, credible, and the right team for the job.

People love stories; storytelling is how we humans communicate best. Use stories to sell your expertise and you're giving yourself the best chance of success.

Demonstrating Credibility

As we discussed in the section on promotion, the credibility of a news story will beat an advertisement every time. This same principle applies to the pitching process.

When you make your presentation and tell your prospects all about the benefits your solution provides, they really have no way of making sure that what you say is true. You have to demonstrate your expertise and credibility. There are a couple of ways to do this. The first one is simple and obvious: testimonials from satisfied clients are believable, credible, and they can work wonders.

I was making a pitch to a prospect the other day, extolling our virtues as I provided examples of what one of our fully designed, maintained, and marketed web sites could do for him. The prospect was taking it all in until I said, "Now, to prove to you that all this is true—and that we can achieve this—I have three letters from clients describing the success we had with their sites. These clients are in the same sort of industry as you, so you'll have some basis for comparison. They've all agreed for me to use their names and details—feel free to ring them if you like."

As soon as I said that, the prospect devoured the contents of the letters. One of the clients who provided a testimonial is well known within the business community, is on various boards, and was the past chairman of the local governing industry body. The prospect identified this, saying, "He's pretty sharp. He knows what he's doing." As soon as the prospect said that, I knew we had the sale. That testimonial gave us the edge over everyone else.

What if you don't have a sheaf of glowing testimonials to present? Picture this: you're in front of the prospect, trying to demonstrate your expertise and maximize your credibility.

You make a strong point about how choosing you will mean reduced risk for the project. Then, to back this up you say, “I’m not sure if you’ve seen this ... ”

You reach into your briefcase and pull out a glowing feature article highlighting your business’s latest win, or profiling your firm. You’re now in a good spot to make the sale! News stories provide amazing credibility. They raise your perceived expertise through the roof. Whether the prospect has seen the article or not, the fact that you can back up your claims with a published article that sings your praises won’t fail to turn heads.

People will generally take a chunk of a news story and alter it to suit their own interpretation. Here’s an example of what happened after a news story on my business. I was at an industry media function a few months back; a typical fund-raising function for a good cause, with speeches, raffles, and dinner. That day, one of our business media releases had been run in the local newspaper—we’d announced that we’d again won the contract for one of the state’s major sporting events. The release we sent out had quoted me as saying, “It’s all part of our commitment to ensure the position of the Gold Coast Airport Marathon web site as one of the best in the world.”

When the journalist got hold of the release and began to write the article, this quote was taken literally. Rather than a quote, what appeared in the body of the article was something like, “The web site is widely acknowledged as one of the best marathon sites in the world.” All of a sudden, it wasn’t just me banging my own drum!

At the function that night, my business was thanked for our sponsorship of the media club. At the mention of our name, someone at my table started talking to his neighbor about my business and said, “Yes, apparently they’re one of the best web design firms in the world.”

All this, because of a small article in the local newspaper. Naturally enough, that article was clipped and added to our portfolio and most of our prospects are shown it at some crucial moment. Clippings mean instant credibility, instant trustworthiness, and more sales.

Dealing with the “P” Word

Before we move on, let’s talk about price. As I said before, the price of your quote should be the last thing you mention, regardless of it being the first question prospects will ask!

Prospects will very often ask, “How much?” before you even begin your sales pitch. If you answer that question immediately, you have just done yourself and your prospects a great disservice, and you’ll be far less likely to win the contract. The response to the

question, “How much?” should be something like this: “Before I show you the investment required, I’d like to illustrate exactly what you’ll be getting for your money, and try to quantify the benefits as we go. I won’t have helped you much at all if I give you a quote without detailing exactly what you receive and why. Okay, let’s make a start.”

Then, educate the prospects on the value represented in your proposal. If you detail how your proposal will increase sales by 150%, decrease advertising costs by \$10,000 annually, and enable access to a potential market of five million people, then when it comes to showing the clients what they have to invest to obtain these advantages, that \$20,000 is going to seem like great value. Explain the value of what you propose. Every bit of content in your pitch that comes before the price is there to educate the prospects on the value of your proposal.

Offering Multiple Prices and Solutions

Let’s say you’ve made your pitch based on your detailed analysis of the clients’ wants and needs, and you think you’ve done a fabulous job. You’ve addressed every requirement, taken care of the objections, and shown them how your solution would work perfectly. And then, they say, “No.”

Don’t lose heart. If that solution doesn’t meet their needs, maybe the reserve one you have up your sleeve will!

We’re always trialing various strategies to help us get more work, and one of these is to have multiple proposals for our prospects. We’ve tested the way we present this—from telling clients that we have three options for them, and presenting each in turn, to making the pitch and gaging from the feedback during the pitch which quote would stand the most likelihood of client approval. That’s the one I then pull out of the briefcase.

Vary the way you do things and measure what works best. My business strategy is this: basically if the client hasn’t previously told us their budget, we’ll have a proposal prepared for, say, \$5,000, \$10,000, and \$15,000 at the start of the presentation. During the presentation, we’ll often obtain information that leads us to believe one of those proposals will be most likely to be met, so we might just present that one. Or we might, depending on how the meeting has gone, propose all three. The differences between them might be as follows:

- a proposal with the least amount of features and benefits and lowest price
- a proposal with more features and benefits and a higher price tag

a proposal with all of the features and benefits we recommend and the highest price tag

In our experience, the prospect will almost always take the most expensive option—the fear of missing out is a strong driving force. Sometimes we get a feel for which option will stand the best chance, and present only that one. It really is a matter of gaging the situation on an individual basis, and trying to make the buying decision as easy as possible for the prospect.

Fielding Objections from Clients

As you work through your pitch, the prospects will raise objections.

Don't be alarmed. Objections are great indications—they mean the prospects are interested in buying. It will be a rare day when you present your proposal and the prospects say, "Perfect. Do you want the deposit check now?"

People will do what you want as long as they don't have thoughts that conflict with what you suggest. If you can take care of the objections as they arise, then you'll have a much greater chance of making the sale. Objections scare most people who are new to sales. Be prepared for objections, and you'll soon find yourself looking forward to dealing with them.

We have a whole list of possible objections to the various aspects of our pitch, and we practice them often. If you stumble and fall at the first objection that's raised, your prospects might not understand that your proposal meets their needs. Not knowing a good way to deal with objections as they arise is business suicide.

You must anticipate each objection your prospects raise with a well-planned response that addresses the objection, gets agreement, and moves the process forward. Filter out what doesn't sound good to you, practice on family or friends, and you'll soon have a smooth-sounding response that tells the prospects that you're professional, prepared, and informed.

Example 8.2. The Ultimate Objection

I once made a pitch to a prospective client in which my price for ongoing web site maintenance and various marketing tasks was no less than six times what the competition had

offered. It should come as no surprise that the prospect said to me, “Your price is too high. We’re not going with you.”

The best response to this objection is not “Why?” or “By how much?”

The best response is: “Too expensive compared to what?”, and that’s what I asked.

The client replied that the site was currently being maintained and marketed by someone for a third of the price we’d just quoted. “Oh dear, we could be in trouble here,” I thought.

I asked plenty more questions and educated the prospect on the value that our proposal represented. We stacked up extremely well on most aspects, and I was doing okay when I made *the* important discovery. The prospect is in an industry that we know very well because we manage client web sites in the same industry. Our client web sites receive ten times more visitors than the prospect’s web site. From there on, it was easy!

“Okay,” I said. “Our clients in this very industry receive up to ten times the number of visitors your current marketing generates. Not only that, but due to our expert copywriting, targeted marketing, and usability expertise, our conversion rate of visitors to sales is much higher on our managed sites than what you are achieving. Much, much higher. So, ten times more visitors. A 30% higher conversion rate. Let’s do the math on that ... ”

Yes, we finalized that sale easily enough.

To give you an idea of what to expect in the way of typical client objections—along with some sample responses you might make—have a look at Table 8.1.

Table 8.1. Likely Objections and Appropriate Comebacks

Objection	Comeback
That's a lot more than I intended to spend.	Yes, I understand. How much did you intend to spend? <i>Then, change the structure of the work and the price to meet the client's needs.</i>
It's too expensive.	Well, I agree it isn't cheap. However, if you consider the total package that you will receive ... our employees are highly trained and experienced. I'm sure you wouldn't want to compromise on quality, would you?
XYZ company are cheaper.	Yes, they have a good reputation. The reason we are sometimes a little more expensive is that we ensure the very best-quality workmanship. We use the best graphics and our employees are highly trained and experienced. Our clients want the best. You wouldn't want to compromise on quality, would you? <i>Or:</i> Yes, they are a quality firm. Would you like to know how we're different from them?
We've decided to go with XYZ company.	Can I ask why? <i>If the client mentions that the competitor is cheaper, say,</i> I see. Sometimes we are a little more expensive. The reason is that we ensure the very best quality workmanship. We use the best materials and our employees are highly trained and experienced. We don't compromise on quality, we do an excellent job, and our clients are always satisfied. I'm sure you will be pleased you spent that little extra. Would you like me to review the quote to see if we can structure it a little differently?
We always use EFG Design.	Oh yes, they have a good reputation. What I'm suggesting is not that you ditch them, but that you give us a trial run so that you can compare the relative performance of each service.
Why are you so cheap?	I'm glad you think so, Mr. X, but there is no catch. It's just that, through years of experience, we've gained considerable expertise, so we're much more efficient than our competitors.

Raising your Own Objections

Not only should you anticipate objections, but you should ask for them. Sometimes you should even raise them yourself!

“Now, Mr. Jones, do you have any concerns about that? No? Okay, but I have a concern that any turnover of staff may create training and management issues in regard to the site. To address that, I'd propose we provide a training manual, as well as an online resource center for your team to access. Do you feel that would address this issue?”

I first encountered this sort of technique when I was buying a house. The salesperson took me through the house and actually pointed out the faults: a bit of torn carpet here, a cracked wall there, a broken window somewhere else. His technique was very disarming.

If he was telling me what the problems were, then he certainly wasn't hiding anything. He also provided solutions and repair costs for each thing as we went: "Just a patch of carpet there will fix that up, probably for no more than \$100."

What a wonderful way to deal with objections! Bring them up yourself, and you've added that all-important trust into the relationship.

Key Points

- Demonstrate your expertise, and describe how it will benefit the prospects.
- Tell your stories! Tell prospects stories that will make them feel good about working with you.
- Educate your prospects on the value of your proposal—then mention price.
- The prospects object? Excellent—that means they want to buy. Practice those replies and have your prospects buy more!

The Finish

Every time I buy something, I take a risk. Every time you buy something, you take a risk. Every time your clients contract you to do something, they take a risk.

The risk is that you, I, and our clients will not receive what's been paid for. You must remove the risk of doing business with you. If you can remove that risk, you will have the greatest competitive advantage you could hope for!

Now, a few factors impact on the client's assessment of the perceived risk of dealing with you.

Establishing Credibility

Can you establish a level of credibility with the prospect?

If you can, great! You're far, far more likely to make the sale. This is why prospects that are referred to you by their friends or family are far more likely to buy from you: there's less perceived risk. You can also use testimonials, media clippings, and examples to establish a perception of credibility.

Are you trustworthy? The prospects have no idea, so you have to demonstrate that you are. Being professional in your dealings, doing what you say you're going to do, and

providing trustworthy examples all help. There are numerous other ways you can influence the perception of credibility and trustworthiness.

Consider that car salespeople wear suits because it is generally acknowledged that suits represent trustworthiness. Would you buy a \$100,000 car from a guy wearing shorts, sandals, and a food-stained T-shirt? Maybe, but probably not. I myself used to work in an occupation that's seen as amongst the most trusted in almost every survey concerned with trust—for ten years I was, in turn, a registered nurse, a nursing sister, and a clinical nurse manager. This perception of nurses as incredibly trustworthy has developed over many years because of the wonderful work they do for traditionally low pay. In other words, nurses are caring people whose vocation it is to help others.

That's the exact same stance we all need to take to ensure our businesses prosper.

Offering Guarantees

Here's the best possible way to remove the perceived risk of dealing with your business—with a guarantee. We've covered this aspect before, but it's well worth restating.

I guarantee you'll do better with a guarantee. If you don't guarantee your services, you're saying to the prospect that you're not actually sure that you'll do what you say you'll do. No prospect wants to hear that! What you should be saying to the client is, "Of course we're going to do exactly what we say we're going to do, and you have an absolute, iron-clad, 100% guarantee that we will do it—and do it well!" I also say, "We're the only web firm here, to my knowledge, that offers a 100% money-back guarantee. We can do that with confidence because we're very good at what we do and have the results and delighted clients to back that up."

If you have a guarantee, you're going to get more business. You'll get more business because the risk of dealing with you will be minimized. And, as we discussed in Chapter 7, guarantees are a great way to differentiate yourself from your competitors for this very reason.

Think of it this way. You need a couple of rooms painted in your house. The first guy will do it for \$500. However, there are no guarantees he will finish it, or use the right paint. The next person quotes you \$600 with a 100% guarantee that she'll do it, do it well, and do it by Friday. If she doesn't, then there's no charge. Whom would you choose?

Guarantees reduce risk. Take the time to explain your guarantee as you end the pitch, and you'll remove one of the major hurdles your prospect faces in deciding to buy.

Don't Underestimate your Own Abilities

Are you trustworthy? Can you guarantee your services? If you have trouble answering these questions, then you're probably not convinced that you're the right person for the job. Until you sell yourself on yourself, it's very hard to convince anyone else.

To be believable, first you have to believe. I've always found that people underestimate their own abilities, and overestimate the abilities of those who have made it big. Quite often the difference is only that the successful people implement strategies—they're more proactive about going out and getting business.

I've managed one of Australia's highest profile multi-millionaires and the key realization that struck me is that he is no different from you or me. He wasn't that smart, but he *was* very good at PR. No better than the PR agency I employed on a retailer for \$1,200 per month, though.

There is no secret to success. It's just a matter of doing what you know works.

Asking for the Business

Have I mentioned this before?

You can't get the business unless you ask for it. Be sure to ask for it very specifically: "We'd love to work with your business on the project—would you like us to make a start?"

Developing Sales Technique

While we have a terrific strike rate when it comes to converting leads to sales, that's not always an advantage. From the advice above, I make us sound like the perfect salespeople.

Are we? Of course not. We have our problems and rejections like everyone else. We try our best, we're continually testing, and we're still a long, long way from perfection. Continue to learn as much as you can about being in business, read everything you can find about selling, and strive to be the best you can be. You will make those sales and be the success you deserve to be.

My two biggest pieces of sales advice would be to prequalify as much as possible, and to take a walk in the prospects' shoes. Having a terrific strike-rate for sales in my business hasn't always been a good thing. It can indicate that not enough thought has gone into selecting those we want to work with. At the start, we grabbed every possible client we could find. Now that I'm older, and hopefully a touch wiser, we prequalify our potential clients as much as possible and are acutely aware of what can go wrong. A difficult client

can be an enormous drain on your resources, costing you not only in terms of time and money, but also sapping your energy—we'll read more about that in Chapter 11.

We recently had a prospect who'd seen our newspaper advertisement make a call to our office wanting a web site. First step? Prequalification. Now, the prequalification of the prospect on the telephone can take many forms. However, some simple questions can provide the information you require, and those are the questions we ran by him:

- What do you intend the web site to do?
- What sort of business do you have?
- Do you already have a web site?
- Do you need the web site to have [*insert potentially desirable functionality here*]?
How many widgets do you think you will sell through the site?
- Do you know how web sites are marketed?
- How do you market your business at the moment?
- Do you have any ideas on what are the important aspects in web design?
- How do you intend to market the web site?
- How did you hear of us?
- Have you had other quotes as yet?
- What made you decide to develop a web site?
- Do you have an expectation of what a web site will cost you?

Through the conversation that these kinds of prequalifying questions generate, you'll soon have a good idea of the prospect's budget and expectations. For example, if the prospect markets the business with full-page advertisements in a national magazine, you'll deduce that the budget for the web site will be sizeable.

After prequalifying the prospect like this, we invited him in for a chat. He immediately struck us as a guy who didn't want to mess around. He recognized our expertise and was happy to pay for it. After a thorough review of his wants and needs, we developed a proposal and had him back in for the pitch. We made the pitch, made the sale, and he paid his 50% deposit on the spot. We created the initial design according to his brief. He loved it. We finished off the site. He loved it all. He then called in to the office to pay us the balance. We loved it. That's exactly the sort of client you want. That sort of client is great to deal with—friendly, profitable, and a pleasure to have aboard.

Prequalify as much as you can. Don't be afraid to tell prospects that you don't feel you can help them if they don't pass your criteria. You have to remain profitable, and that can

necessitate getting rid of existing clients who aren't profitable anymore or passing on potential jobs if you see a problem.

Focus on what the prospects want. Put yourself in their shoes. Treat them as you would like to be treated. If your whole focus is on giving the prospect what they want, you'll be a smashing success.

Key Points

- ✎ Reducing perceived risk of purchase is critical to making the sale.
- ✎ Credibility, guarantees, and self-belief can all help reduce the degree of risk your client perceives.
- ✎ Always ask for the sale. It's the easiest way to close the deal!
- ✎ Prequalify the prospect to increase your closing rate and avoid wasting time.

Summary

What we've covered in this chapter should place you in good stead to hone your selling skills.

First, we discussed the pre-sales tactics that can mean the difference between "sale" and "fail." We saw how important prequalification, a problem-solution mindset, and pitching to the decision-maker can be to the overall success of your pitch.

We also focused on the impact that the buyers' motivations can have on the sale. We saw that, deep down, people buy for emotional reasons. We also discussed the ways you can tap into those emotions, and ensure that your proposal meets the clients' emotional and practical needs.

Next, we looked at several important techniques you can use to hone your pitch. We saw how demonstrating your expertise, relating stories and anecdotes, establishing your credibility, providing multiple pricing options, and raising and countering objections can build on your existing pitch skills.

Last, we talked about sealing the deal—those pointers that can push your prospects over the line, by making their purchase decision that little bit easier. These tactics focused on reducing the perceived risk of the deal, and included tangibly reinforcing your credibility, offering guarantees, and demonstrating your own self-belief. The key is to end your pitch by asking for the business—every time!

In the next chapter we continue to explore the components of a good business. Making the sale is all well and good—but what happens next? Chapter 9 answers this question. We'll discuss the intricacies of providing excellent client service—the how and why—as well as the benefits you can gain by exceeding client expectations.

Chapter 9

Providing Excellent Client Service

Caring for your client is one of the most profitable things you can do, as retaining the clients you have is far easier than expending resources on the attraction of new clients. Yet, really great old-fashioned client care is almost a rarity nowadays.

An incredibly high proportion of people who decide to stop working with a contracted business do so because they feel the business doesn't care about them! Not because of high prices, or bad service, or even because they moved away—but because they didn't feel the business cared.

If you care for your clients, you'll:

- make more sales
- decrease expenses
- make bigger profits

Caring for your clients is essential: they're far too valuable to mess around with. In this chapter you'll learn just what you need to do to show clients that you care.

In Chapter 7, we talked about how service can set your business apart. The way you conduct your business—with exceptional client service—is the only real way to make it stand out. This chapter will not only explain what clients want, but how to give it to them. We'll provide some examples of fantastic client care, and some examples of client care that's so bad it'll make you screw up your face and say, "Ugh!"

We'll also explain just what you need to do to provide excellent care to your customers. Plenty of people can design a web site. Plenty of people are computer programmers. You need to provide sensational service to give your business the best possible advantage. Clients are your most precious resource. Nurture them, pay attention to them, care lovingly for them, and they'll multiply—your business can only grow!

As you know, our moms were always right. Good manners are crucial to getting ahead and, some would say, they're even more important than whatever skills you're selling. Many designers and developers spend years learning the tools of the trade, and it would certainly be a shame if your poor manners stopped you from having the opportunity to give others the benefit of those skills. In this chapter, we'll also discuss my old high school motto and see how it can make you more money than just about any marketing activity you care to mention.

You want clients, you want clients to buy from you, and you want what works. This chapter tells all.

The Value of your Client

The clients you already have are highly profitable because you don't have to go out and attract them each time you want to make a sale. Keep those clients. Don't have them leave because they think you don't care about them.

A while back, a client answered a classified advertisement we ran in the local newspaper and came on in for a chat about a web site. He had a terrific idea for a business, and we helped him to realize the idea by developing a site. Fantastic. The client paid just over \$7,500 for the site. We also commenced regular maintenance of the site at \$350 per month. Just over a month later, the client came in wanting another site developed. We completed that project too, for \$8,000. The monthly maintenance and management fee for this site was \$300 per month.

We'll stop right there. Let's assume the client doesn't want another web site developed, nor does he want the current sites freshened up in a year or two. Let's assume his sites continue for ten years—that's quite feasible. We'll also assume—because this is a near certainty—that over those ten years, we'll sell him additions to the web sites totaling \$500 per year.

That's \$83,000 in income over the next ten years—at an absolute minimum! If we did toss in site redesigns and referrals, this client alone could provide us with over \$150,000 worth of work over the next ten years!

If you keep in contact with your clients and treat them right, they'll return again, and again, and again. Most businesses, however, won't go out of their way to keep in contact, because it's perceived to be too expensive. A piece of paper, a pen, an envelope, a stamp—that's all you really need to keep in contact. It's not hard, nor is it expensive. We have plenty of news—from new staff to new services to funny stories to interesting statistics. The list of reasons to contact a client is endless. We find the non-selling contacts to be wonderful at establishing the right relationship; I feel that clients grow sick and tired of you if you're always hammering them with offers.

Let's take a look at two separate case studies that prove the revenue potential of excellent customer service. Examples of poor service are unavoidable—and looking at how service can be improved in other industries can be a great tool to help you think of ways to improve your own customer service:

Example 9.1. Service, No Matter What your Industry

Recently, I had some errands to run at the local shopping center. I had some interesting service experiences while I was there.

First, I was standing behind an elderly gentleman in a line at a liquor store. He was purchasing one small bottle of beer. When he was served, the cashier scanned the bottle and said, "\$2.50." The customer said, "No, the sign said \$2.30," to which the cashier replied, "No, you must have looked at the wrong one. \$2.50." The customer, who had the \$2.30 in his hand, searched through his pockets for the additional 20 cents, paid the difference, and left.

My next call was to a computer shop. On the way, I passed a donut stand and decided to have a strawberry smoothie. I approached the two employees and asked for a smoothie. While one of the staff members made the smoothie, her colleague stood watching the crowds go past the stand.

On to the computer store! I needed to buy a computer for a new employee. Although I know a little about computers, I wasn't sure of my exact needs. The lone salesman was on the telephone when I entered, so I glanced around at monitors and printers while I waited. The salesman finished his call, looked up at me from his desk and said, "You okay? Just looking?" I said yes, and left soon after.

From here I went straight to a menswear store located ten meters away. I was looking for a pair of trousers to replace a pair that was part of a suit, which had been lost by my dry

cleaner. I looked very closely at about ten pairs of trousers to try to find a color, material, and style to match the suit jacket. I was in that store for five minutes. The lone saleswoman spent the entire time on the telephone describing what she did on the weekend.

Let's analyze these examples. We'll take a look at the potential business income that these companies have lost due to poor service, and discuss what should have happened:

elderly man at bottle shop

potential income lost

Potential income loss is difficult to quantify, other than to say that if this customer received poor service, then most other customers probably do as well.

real customer service

Cashier says, "I'm sorry for our error, sir. Thank you for pointing that out—we'll fix our computer straight away. Because of the mistake, there's no charge for your beer. Have a good day."

smoothie store

potential income lost

Let's imagine that all customers were offered add-on sales with every purchase. We'll estimate the store attracts 40 customers per hour, and guess that 50% of these customers, when offered, spent an extra \$2.00. If the store's open 54 hours per week, that's an additional \$56,160 annually—most of it profit.

real customer service

The waiting employee should have said something along the lines of, "Hello sir. How are you today? It's a lovely day out there. Would you like a jam-filled donut with your smoothie? They're fresh as a daisy and perfectly delicious—my favorites! They're only \$1.50 each, or you can buy two for \$2.50. Thanks for coming in, sir. Here's a coupon for a free coffee when next you buy a donut."

computer store

potential income lost

My budget for the computer package I needed was \$3,500. I didn't spend it at this store.

real customer service

Salesman should have said, “Good afternoon, sir. Thank you for coming in. Are you interested in the monitor, printers, or a complete package? What will the computer be used for? What sort of work do you do? How often will it be used? Who will primarily be using it? What is your budget?”

menswear store**potential income lost**

Potential income lost amounts to \$100, plus the ongoing impact of having such poorly trained and motivated staff.

real customer service

Saleswoman should have said, “Good afternoon sir. Thanks for coming in. What type of trousers are you interested in? When will you wear them? How often?”

It cost each of these businesses a significant amount to attract customers into their stores, including the expenses of advertising, branding, renting prime retail locations, creating shop displays, and producing point-of-sale material. Yet, at each opportunity, they failed to either turn the prospect into a client, or ensure they generated repeat business.

Make sure you don’t make the same mistake. When you have clients, keep them for life. They will make you a success.

Here’s another great way to get value from the service you provide. This method shows your clients how much you care about their businesses, while providing you with the opportunity to generate extremely profitable business. It’s the add-on sale we’ll look at further in Chapter 14:

Example 9.2. Show you Care: Suggest Improvements

As we’ve developed web sites over the years, we’ve identified the needs for tools such as statistics analysis packages and mailing list software. Clients’ needs change on a continual basis, and because we stay in touch with them, we’re often in a position to assist them with these products and services at a price they wouldn’t be able to afford if they sourced and implemented the solution themselves.

We recently tested a statistics package that we found was an enormous help to several sites we managed. I wrote a quick sales letter to clients who we’d identified as being able

to benefit from the software, and sent it off in an email. I followed up these clients with a telephone call the next day.

It's easier to make offers to clients if you contact them regularly anyway. Most of our contacts are non-selling, so when we do make an offer our clients are very receptive.

My email mentioned that this was the best statistics package we'd ever seen. I explained clearly why the benefits to these businesses of this software would be so great, and I quantified the possible benefit in dollar terms. In finishing, I rated the product a nine out of ten, and asked the client to ring me in order to buy it.

I sent 22 emails. My follow-up telephone calls made 18 sales. Our profit per installation of the software was \$80. We made a profit of \$1,440 in two days. If we didn't keep in constant contact with our clients, I doubt that we'd have sold any of the software.



Don't Push It!

A word of warning about add-on sales, which we'll look at again in Chapter 14. Don't constantly be at the clients, trying to sell them things, or they'll lose their trust in you. We only offer something to our clients when we're 100% certain that it's the perfect solution for them, and that it will provide a real benefit to their business.

What Clients Really Want

From my own observations of countless businesses, one of the main areas where management fails is in the service the customer receives. That's right, customer service.

Everyone's heard of customer service. Most businesses will say they have specific programs in place to ensure quality customer service. Do businesses truly provide great—or even adequate—customer service?

From what I've seen, businesses don't provide a level of service that can ensure the customer's continual satisfaction, let alone maximize sales of the business's product or service. They don't have strategies in place to deliver the best customer service. They don't practice what they preach. How can you avoid falling into the same trap? What makes for excellent client service? There's only one way to find out: look at the situation from your clients' perspectives.

What Does your Client Really, Really Want?

The one overwhelming courtesy your clients really want is to be kept informed.

Informed clients are happy clients. They know what's going on, they know you're working hard on their projects, and that their work is important to you. Uninformed clients will feel neglected, and will potentially leave your business. What's the easiest way to show your clients you care? Tell them! Then they know.

The most effective way to tell clients you care—by keeping them informed—is obvious. Make constant contact. Keep in contact with your clients and they will absolutely, positively, without doubt believe that you care for them. If you don't keep in touch, clients don't know you care about them. Your silence sends this message to the client: "I haven't contacted you because I don't care about you. Please go away."

Your clients *will* go away, and they'll take their business with them, along with the money that you could have used to pay off your new car, take that overseas holiday, or stock the pantry for another week. They'll take away any referrals they would have made had you treated them well. You'll also lose possible testimonials, and any ongoing work ... there's a lot to lose when you fail to show your clients that you care.

The importance of this was reinforced for me when I started to make a pitch for a major event site in my own city. I'd assessed the site that I wanted to redevelop. The site's original developer had, in my view, done a very poor job. The site was a static brochure, when it should have been so much more. It was ugly, outdated, and in much need of repair.

I very carefully planned my approach. I managed to meet the events' managing director, and I took things very slowly. I met him a few more times and managed to steer the conversation in the direction in which I needed it to go. I did a full assessment of the site and then met with the director to discuss the site's new redevelopment.

I struck out even before I got to bat! The managing director stopped me in my tracks. He said their business would never consider another developer for the web site. Why not? He explained that the current developer had been the only one who'd consistently kept in touch with them, and who'd ever done what he said he would do. The director finished off by saying that he didn't want the hassle of changing his web site manager, as the company had taken so long to find a decent one in the first place!

It makes sense: good manners are good business!

Your Competitive Advantage

That case study really proves this next point I want to make. The developer in that example had a real advantage over me, his competition. Where did that advantage come from? Was he the best developer out there? No. Was his client, the managing director, narrow-minded?

No way—like all of us, he's just trying to find the easiest solutions to his problems. The developer had worked to establish a clear advantage that set him apart from every other developer out there.

Back in Chapter 7, we discussed developing a unique selling proposition, or USP. I explained there how it's the service you provide that should set you apart from your competitors. As we've just seen, good, old-fashioned manners are important if you're to provide outstanding service. In that situation, manners were all that mattered! Staying in touch with your clients isn't just a polite thing to do. It's great for business. Customer contact can mean repeat business. It can mean more referrals. It can mean serious profit.

Let's see by example how you can reap the financial rewards of your competitive advantage:

Example 9.3. Contact + Care = Profits

About eight years ago, a large local company hired a local web developer to build their web site. All went well, the web site was finished, the web developer was paid his money, and went on his merry way. He was happy and very, very pleased with himself.

The next year, the company had changed a little and needed the web site redeveloped to reflect this evolution. But the previous web developer hadn't kept in touch with the client, and the person who'd originally contracted him to do the work had left the company.

My business was asked to present a proposal. We went in and made the pitch, and were lucky enough to win the job. We completed the web site. We received our money, we were happy, but it doesn't finish there. We kept in very regular contact with the client during the redevelopment process. About 75% of the way through, we made a recommendation for ongoing web maintenance work.

Keep in contact, then, make an offer. We always try to make the pitch for site maintenance about 75% of the way through the development of any site. If we make it at the start, the prospect is less likely to accept it, as we haven't yet had a chance to prove our professionalism and expertise. If we make the pitch when we've almost completed the job, then the client has experienced our professionalism first-hand, and is keen to maintain what, to them, is rapidly becoming a significant business asset.

But, back to our web development client. This client agreed to our pitch for ongoing work, and we started to maintain and market the site. A little while later, the client wanted to add a newsletter emailing script to the web site. He wanted this functionality because

he'd read in the newsletter we produce and send to all our clients an article explaining that we were making a special offer for this very service. I'd also written a personal note to offer the company the script installation, as I'd identified that it would be an excellent addition to their web site.

Then, our client's company purchased another company, which also needed a web site. We didn't have any competition when we made and won that pitch, because we were in constant contact with the client. That site went onto our monthly maintenance program, too. A little later, development of another site was needed for an offshoot of the company. Again, we pitched with no competition. Now, two of the web sites are, by necessity, re-developed every year. That means two fairly large projects for our business every year. The client has also taken three reasonably large ongoing maintenance contracts. The client is a constant source of referrals for us. Thanks to their high profile, they provide us with enormous credibility.

All because we keep in contact. We send them newsletters. We send them monthly reports on each of the sites. We have regular meetings. We often call just to check that everything's going well with the sites. We go out for lunch with the boss of the company. We keep them informed.

Key Points

- A huge majority of customers leave a business because they feel neglected.
- Clients want contact! They want to know that you care, so make client contact at every opportunity and stay top-of-mind.
- More contact means more business.

Excellent Client Care

We know that clients want to be kept informed, and we know they want respect. We also know that providing service based on these wishes can represent a real competitive advantage.

Then, why don't people learn good manners and etiquette, and treat their clients with respect? It's a mystery to me. My best guess would be they don't have the time to do it. They need to *make* time to do it, because it's one of the most important lessons they can learn.

Many web developers, graphic artists, and programmers spend five or six years perfecting their skills, only to let themselves down by not keeping in contact with their clients. Keeping in touch is simply good manners, after all. The first thing you must do when you win a new client is say, “Thank you. Thank you for becoming a client. We do appreciate your business. We will deliver on exactly what we say. We are available 24/7 if you need us. We know how important your business is to you, and we won’t let you down.”

Soon after any large purchase, self-doubt creeps in—whether you’re buying a house, a car, or a web site. The purchasers grow nervous and they need to be reassured immediately. If you reassure them, you’ll reinforce for them the fact that they’ve made the right decision, and they’ll be happy to proceed.

Take the time to reassure your clients and help dispel their fears. They’ve taken a risk by hiring you, but you have to prove to them—along each step of the way—that they’ve made the right decision. Common courtesy is all it takes! You have clients who pay your bills. They’re putting a roof over your head, and food on the table. The least you can do is let them know you appreciate them, keep them informed about how your work for them is going, and keep in contact.

That’s the basis of excellent client care.

My Old High School Motto

My old high school had a few mottoes. “Throw the smaller kids in the fountain” was one. “We are the boys from the blue triangle; every team we meet, we mangle. Roll ‘em, bowl ‘em, kick ‘em in the eye; we are the boys from New Town High” was another. But the last and probably most relevant of our mottoes to this kit was: “Do unto others as you would have them do unto you.”

What this means is you should treat others in a way that you’d like to be treated. To do unto others as you would have them do unto you is an excellent motto for business. You have to care for your clients, because the better your customer service, the more profitable your business.

You’re doing business in a competitive marketplace. To increase market share, boost productivity, and widen profit margins, small businesses need to work extremely hard. You should jump at the chance to find an easier way—a system that’s tried and true, and guaranteed to deliver outstanding results. Just how can small business compete with the big end of town?

Putting it into Practice

Putting my old high school motto into action in your small business isn't hard!

The two major factors ignored by most businesses, including big firms, are the two most potent weapons you can use against competitors. These factors work very well to help businesses attract and retain customers.

Using Weapon Number One: Rewards

All parents know about this weapon. They use it regularly to motivate and keep in line any dangerously idle offspring!

Remember either of these? “If you tidy your room, you can have some ice cream,” or, “I’ll give you five dollars to mow the lawn.” Parents would be the first to tell you that what gets rewarded, gets done. Likewise, reward your clients for contracting you. The most basic reward is good service. Say thank you, be prompt and polite, assess their needs, offer solutions, and make them feel good about being your clients. It sounds easy enough, but it rarely happens. Most people don’t see past the initial sale.

You need to consider the big picture. Be a needs analyst. An excellent way to sell a service is to tell of its merits according to the needs of the client. Make them believe they need it, that it will solve their problems, and make life easier. Once this analysis of the client’s needs is complete, you can offer solutions, and these solutions carry enormous credibility. Why? Because the clients know their needs have been carefully considered. When they decide on you as the winning web developer, tell them, “Excellent decision! You’ve made a terrific choice, and we’ll be with you all the way,” perhaps using one of the **Thank You For Selecting Us** letters from the CD-ROM.

Every time clients make a purchase, deliver more than you’ve promised. This will put you head and shoulders above the competition. If you develop a web site, give the clients extra pages. If you’re a graphic designer, do an extra graphic. A programming whiz might toss in a free program. Good service is a reward for the client that makes the experience of dealing with you more enjoyable. Remember: *what gets rewarded gets repeated*. If people are rewarded for buying from you, they’re going to keep on buying.

With referred business, decide on an appropriate reward for the referrer. Flowers, wine, or tickets to a show are always appreciated. Thank-you letters also have an enormous impact. People appreciate being appreciated—they like to be liked! Send a person a letter saying, “Thanks for your help. I really appreciate it.” After your clients have been with

you for a while, start taking them out to lunch or golf or the theater, depending on their tastes—keep building that relationship for mutual benefit.

Weapon Number Two: Contacting

Contact, contact, and then contact some more. Your follow-up process is absolutely vital, and opportunities for this are endless.

Make a follow-up call or send a thank-you letter to your clients immediately after you deliver a site. This is not a sales pitch, but a courtesy call. “Is all going well with the site? Have you had any comments about it?” There’s a window of opportunity to discuss all sorts of services. As you know, with web development, there’s a whole range of ongoing services your clients might need—we’ll discuss this point more in Chapter 14.

Then, two weeks after the site launch, call the clients again and ask, “How are you enjoying the new site?” Ten weeks later, send a short, cordial note with a copy of a rave review of one of your sites in the local newspaper. After 12 weeks pass, the clients should find your newsletter in the mail. Then, ten weeks after that, they receive a Christmas card and an invitation for a Christmas drink. A clever businessperson would even send birthday cards to their clients. On the customer’s first anniversary of site ownership, they should find a congratulations card from you in the mail.

There are four more reasons to make contact with clients—one is to announce the launch of your new web site, another is a newsletter, the next is a survey, and the last, an article on the latest web statistics (fronted by the **Article of Interest Cover Letter** from this kit’s CD-ROM).

Here are just a few examples of the gifts you might give to clients on different occasions:

- thank-you card
- flowers
- champagne or wine
- food basket or hamper
- framed certificate of thanks
- framed photograph with plaque
- promotional item: a mouse pad, for example
- show tickets
- dinner at a nice restaurant
- golf game
- tickets to a sporting event

The important point to remember is to tailor the gift to the client and the relationship. For example, it's no use giving clients wine if they don't drink. An expensive gift to a government department manager would almost certainly be seen as inappropriate. In developing the relationship with your clients you should identify their interests and provide gifts that are appropriate to those interests. If the client is an avid golfer, take them for a game. For a wine buff—try a unique wine.

When the clients decide it's time to have the site redesigned—it's looking a bit old and the latest statistics show that more people are shifting to online shopping all the time—where do you think the clients are going to go for the redesign? To you!

You won't have any competition on this pitch, you can charge more, and you don't have to spend ten hours developing the relationship. This site redesign is going to be very profitable. You kept the window of opportunity open and there's the smell of another sale drifting right on through. Those big-budget companies spending \$2,000 on a press advertisement won't get the sale. You, who have taken such good care of your clients, at a cost of about \$50 over two years, will.

Just how often should you contact your clients? There's no hard-and-fast rule here, but generally we contact our clients whenever we have something we think they should know about. The events I've just mentioned are all worthwhile, but don't overlook other opportunities for contact that might arise throughout the year.

The virus alert is one of our favorite methods of impromptu contact. Whenever the latest virus shows itself, we send out a quick email to all our clients to tell them what they need to look out for, what steps to take to minimize infections, and where they can get more information, including a link to the appropriate information source. We also talk about the potential harm the virus can wreak, and provide a quick review of two major anti-virus software packages, along with the pricing of each.

That email achieves a couple of aims:

- It lets our clients know we're thinking of them.
- It helps us sell around 45 hours of virus protection consulting each year!

Most importantly, these emails represent quality contact from a business that cares. Clients appreciate that, so keep in contact with your clients. Treat them as you would like to be treated—and remember, rewarded behavior gets repeated.

The Benefits of Great Customer Service

There is a direct relationship between higher levels of customer satisfaction and higher levels of profit.

Good service matters. Companies who have better customer service are more profitable, have fewer expenses, and grow faster. Good service generates increased repeat business and more referrals. Higher customer satisfaction builds loyalty that aids profits. I've found it indisputable in my own business that the better our quality of customer service, the higher the sales to these customers. That fact would equate to an increased market share.

The clear indication is that rewarded, well-serviced customers buy, multiply, and return for more. In turn, here's what your great customer service will deliver you:

- increased customer retention rates
- increased referrals
- reduced running costs
- reduced marketing costs
- stronger position in the marketplace
- improved ability to differentiate yourself
- increased profits

Studies also show that if your service is rated as “satisfactory,” then the likelihood of the person who is “satisfied” purchasing from you again is low. The customer must be *delighted*.

How do you create the perception that you provide good customer service, or client care? Simple. Keep telling clients they are receiving great customer service! That sounds like a flippant comment, but I do mean it seriously. It's all in the perception. Being perceived as providing great customer service is just as important as providing great customer service. It may even be more important.

My business is perceived as providing a high level of customer service. Why? Well, one of the main reasons is because we are constantly telling the clients they are receiving great customer service. “Thank you for selecting us for this job. We work hard to provide the highest level of customer service and we appreciate you recognizing that ... ” Or, “Thank you for providing the very nice letter for our reference file. We work very hard to provide fantastic customer service, and we appreciate you saying those words about how great our service is ... ” Or even, “Everything has gone beautifully with the development of

your site. As you know, our customer service is a source of great pride to us; the site design is clean, crisp, and functional, and ... ”

What is client satisfaction? It's the perception that you've done something of value that the clients want, in the way they want it done. As soon as the perceived level of customer service increases, your profitability increases. Clients prefer to deal with companies that make them feel that they're getting care and attention. When clients feel this, they're more inclined to buy. That's the most important point: if clients don't feel cared for, they won't come back, and you won't get a chance to sell to them again.

Referrals

I've mentioned it before, but let me touch on it again: personal referrals really are among the strongest influences on a buyer's decision to select a particular web development firm, or, for that matter, any professional services provider.

When was the last time you bought professional services? If you're anything like me, you turn to family and friends. You'll try to find out if the people you know and trust have dealt with someone they'd be happy to recommend. If they do make a recommendation, I can just about guarantee that you'll accept the recommendation and give the person a try. The referrals you receive from happy clients will be among the best clients you'll ever get. They'll almost always accept your proposal because, as they've been presold by the referrer, you don't need to convince them a second time.

They will happily pay more, because they “know” you're good. They'll be easier to deal with, because they accept your expertise and don't try to second-guess you. And, surprisingly, they pay their bills more quickly than other clients, perhaps because they have a mutual contact involved in the relationship and want to keep everything professional.

The referred client is a beautiful thing, but you won't get referrals from clients you treat poorly. No neglected client will ever refer anyone to your business—in fact they'll be more likely to turn them away.

That's why client service is paramount: good service means happy clients. Happy clients refer work, and referrals are the easiest, and often most profitable, clients to win!

Reduced Costs

The two main benefits of caring for your clients are the repeat sales you'll make and the referrals that will come your way as a result of those happy clients. We've looked at both of those from the angle of the income they produce.

It's important to recognize that caring for your clients also reduces your expenses. When you take into consideration the costs you incur on infrastructure, advertising, PR, networking, proposal writing, and more, they can add up, particularly when you have to attract prospects and make a pitch to them.

In my business, the cost of making a pitch to a prospect can be as high as \$2,000. That's an extreme case, but even the average cost is up around \$250 per pitch. By the time you identify the prospect's needs and wants over the course of several meetings, complete appropriate industry research, check the viability of whatever solution you'll recommend, prepare the pitch, gather additional documents, and research information ... you've made a big commitment.

I've lost count of the number of times an existing client has required a new web site for a new business they have purchased or started. These clients are wonderfully cost effective to deal with. The cost is tiny to attract the new business as they're already an existing client, there's no expenditure on advertising to attract prospects, no expenditure on multiple meetings to try to get a feel for the clients and their businesses, and the proposal is usually a lot shorter and more quickly put together.

I have had a number of instances where the client has asked for a new site and we've quoted on the spot and started within hours. No long proposals, no extended pitch, just a nod, a deposit, and away we go.

It's been shown time and time again that repeat and referred sales are the easiest ones to make. Keep clients informed and happy and they will buy from you again.

Exceeding Expectations Pays

Clients expect to be satisfied with your service, otherwise they wouldn't employ you. When you exceed those expectations, and your clients become highly satisfied, something amazing happens.

Those clients whose expectations you've greatly exceeded will become proactive advocates for your business. I once had a client sit in his office and call all his friends to educate them on the benefits of having a web site. If anyone expressed the mildest interest, he'd ring me and tell me the person's name and telephone number.

Developing the *perception* of what you do is just as important, or even more important, than *what* you do. What does it matter if you aren't as expert as you're perceived to be? The designers we compete against may well be better at design than us, they may have more skills, they may be better qualified—but none of this matters when we're pitching

for the job. The client to whom we're delivering the pitch can't assess these aspects—it's the clients' perceptions that are the critical factor.

We convince the clients that we are the best people for the job by ensuring that they perceive us as expert, reliable, and safe. We show prospects that we're the right choice by making sure they think we're the best by miles. And the price we charge? Well, as we've seen, the price is very, very rarely an issue.

Find out your client's needs and wants, and address those in such a way that you are perceived to be the best choice, without question. If you have 100 equally talented designers vying for a job, the designer who is perceived as the best will win.

Make sure you are perceived as rewarding your clients with excellent service. They'll make it worth your while—in many ways, over many years.

Key Points

- Great client care saves you money, and means bigger profits.
- Exceed the clients' expectations, and make sure they know it!
- Great care generates referrals—the best type of new business leads—as well as add-on sales.

Summary

Getting clients on board is one thing. Keeping clients is harder! Knowing what clients really want is the first step in being able to give them what they want.

In this chapter, we have shown you the importance of keeping clients happy, along with some ideas on how you need to go about it. Keep in contact with your clients. Not just once or twice a year, but very regularly. Send those newsletters, congratulate them for something, and send them a Christmas card.

Contacting your clients to let them know you care about their business is just about the biggest reward they could get. They'll be thrilled with you, and they'll stay as clients. They'll buy again, and refer others, who in turn will buy again.

Here are my four top tips for client care. They're simple, they're effective, and they could make you a fortune:

- ☛ Treat clients as you would like to be treated.
- Tell clients you care about them and their business.
- ☛ Rewarded behavior gets repeated. Reward the behavior that you want repeated.
- ☛ Informed clients are happy clients.

Next, we begin Part III of this kit, which focuses on running your freelance or small business. Chapter 10 starts this discussion with a guided tour of project management.

The Web Design Business Kit



Chapter 10

Managing Web Projects

If you can get someone to do a job for you for \$100 and you can charge your client \$200, then you have a terrific business model.

Project managing web development is a very large part of my business. With our experience, we know what works to make a site successful. We recognize that this, along with our ability to develop quality sites, are salable skills. However, managing the development of a site is not as easy as it might seem. Bringing many different components together to create a single, perfectly functioning unit can be a laborious and difficult process.

In this chapter, we'll take a close look at the project management process. We'll talk about the importance of figuring out your objectives. We'll discuss some of the more common problems you'll encounter and explore the importance of receiving as detailed a project brief as possible.

We'll also cover risk assessment and quoting, and we'll work through a simple four-step communication plan.

The challenges associated with managing multiple projects are discussed at length here, mainly because undertaking multiple projects can be a great way to build your business while you have limited resources. We identify the more important aspects of handling multiple projects, including relationship management, and we'll also discuss some tips for empowering your team and giving them a sense of project ownership. To a large degree, project management is delegation. Our quick eight-point plan will get you started on the road to delegation—and project management—success. Similarly, knowing your team's

capabilities is critical in providing a quality job within the time you have. We'll touch on the importance of understanding the strengths and weaknesses of your team, and how to get the best from them. Documentation is a critical part of effective project management. If everyone knows exactly what they're doing and the time frame in which they have to do it, there's little margin for error. Motivating your team helps, of course, and here I'll discuss some very easy ways to inspire team members.

A discussion of project management would be incomplete if we didn't explore some of the more popular tools that have been developed to help the process along. In this chapter, we'll review a simple example of a Gantt chart, and talk about how you can use it to integrate all the projects you might manage into a sequential system that allows you to set deadlines easily. Speaking of working within time frames, I'll also reveal the big secret you'll need to know to keep yourself from being late with the project.

Communication is critical, but the management of milestones and communication is always growing easier in this age of instant communication. We use a web forum to communicate with our team—what would work best for you? Maybe it's Microsoft Messenger, perhaps it's email, or maybe even a telephone call will suffice.

A key aspect of effective project management is the humble report. In this chapter, we'll look at the kinds of reports you'll need as the project manager, and the reports your client will need as a major stakeholder. Even if you do a great job for a client, they might not know that—unless you tell them! Report your success, and the client will be as thrilled as you are.

Along with reporting, thorough project evaluation is a must. Did you meet your goals? What did you learn from this experience that will be helpful in the future? What resources have you developed in this job that you can use in subsequent projects? We'll finish off this chapter with a discussion about conducting a conclusive evaluation. Are you ready? Let's get started!

Project Management

As my business model is largely based upon managing projects, rather than actually doing the technical work in-house, I'll start by explaining how we manage projects from go to whoa. The process doesn't always run smoothly, of course, but with the tips and tricks you'll pick up here, you might just be able to tweak your next project and give it an even better chance of success.

The first tip? You'll need clear objectives in order to ensure the success of every project you do. Our two main objectives for any project are to:

- ensure the best possible result for our client within the boundaries of the project
- make a profit

We make a clear statement of the goals and objectives of the project, along with timing milestones, in a document that's discussed with all the team members involved in the project. This allows them to agree on what is to be done, by whom, by when, and for how much.

As most web designers will attest, many problems can raise their ugly heads during the process of completing a project. It's your job as the project manager to minimize the frequency and impact of these issues. And it's best to do this right from the start. Now, when I say "right from the start," I don't mean once you've won the job. I'm talking about the instant of your first contact with the prospect.

The most common issue we encounter is what is generally called **scope creep**. This basically describes the situation where the client's approved your quote to complete certain work, but, as you begin work on the project, the client asks for the addition of extras here, there, and everywhere. Before you know it, that 25-page "brochure" site becomes a 50-page, ecommerce-enabled site, fully optimized for search engines, with an additional newsletter subscription script and a forum! With the client making claims such as, "Without these small additions, the site will be useless to me and you may as well not go ahead," you may soon find yourself in a very awkward situation. You need the job, but the client is adding loads of work on top of what was originally agreed. The project could quickly become unprofitable.

What's the trick to preventing this scenario before it has a chance to happen? Compile as detailed a brief as possible when commencing project discussions with a prospect. This is basically achieved through performing the needs analysis that we met in Chapter 5. From this brief, we develop our pitch and present it to the potential client. It's important to note that the pitch must be developed according to the prospects' exact needs and wants. If these requirements change later, we communicate to the client that all alterations will require additional work on our part and, as a result, additional fees will be incurred. It's all about ensuring clear communication and understanding on both sides of what is to be done.

Let's assume that all has gone well with the pitch, and we're awarded the client's project. Fantastic! We then move to the second step of our process. This involves either writing

up a contract that stipulates exactly what the client will receive and exactly what our remuneration will be, to be signed by the client, or, with a smaller job where you're receiving all payment up front, sending the client a letter of agreement with our invoice. Payment of the invoice indicates agreement to the terms and conditions set out in this letter of agreement, as made clear in the letter.

So, the first technique we use to ensure a smooth project is to clearly communicate exactly what the client is paying for.

Key Points

- Set a goal for every project you undertake.
- Protect yourself against scope creep by compiling as detailed a brief as possible, and have team members and stakeholders agree to this.
- Communicate clearly to team members exactly what is to be done.

Project Assessment

Now that you have a general idea about the basics of project management, let's move through it stage by stage. The first step that you, as the project manager, must take upon your receipt of an initial proposal request, is to assess the project. This assessment typically involves a few different considerations.

Undertaking a Risk Analysis

When you first review a project, you'll need to identify and assess the risks involved. Our assessment includes factors such as:

- the type of business we're dealing with
- the prospect we'll be dealing with
- the technical expertise of the prospect
- our ability to complete the job within certain time frames
- the availability of the resources required to complete the project
- the prospect's ability to pay
- the project's profit potential for us

That last assessment factor is really the first that we consider. We want to know that a project will be profitable before we pitch.

Imagine we're considering taking on a project, and an analysis shows that the job will require us to outlay \$20,000 in contractor payments and allocate a significant portion of our in-house resources. If the potential profit for the project is only \$2,000, we'd clearly be reluctant to take on the job. That small profit would very quickly disappear with any increase in the project's costs. Add to that fact the small but ever-present potential for the client to fail to pay part of the bill, and this project wouldn't be worthwhile. Risking over \$20,000 to make a profit of \$2,000 certainly isn't worthwhile, and we'd want to be aware of this before we spent time preparing and presenting a pitch for the project.

In assessing risk, we also consider the nature of the client organization itself. A project for a government department would be perceived as being extremely low risk, while a project for a speculative builder carries considerable risk. Our response to the various risk factors is also considered. For instance, if a project required highly specialized work that few people could complete, we'd need to identify the risk involved if, for example, we took on that project and the person we contracted to do the work unexpectedly became ill or unavailable.

- What would our response be?
- What would be the repercussions of not having the technical expert available?
- What would be the worst outcome that could happen?

Once you have a thorough understanding of the risks associated with the management of multiple projects, you can move forward to identify an appropriate price—one that ensures the ratio of risk to benefit is within a reasonable range.

Preparing to Quote

We talked about how to quote in Chapter 5. But quoting isn't simply a matter of slapping a price on the project and sending it off to the prospect. Your overriding concern must be your ability to complete the job—and complete it profitably. Here are the steps involved:

Identify the skills you need and check their availability.

To do this, you must identify the skills and team members you'll need to allocate to the job. You'll need to plan out the resources you require and understand their associated costs. Once you have that cost estimate, you can move on to draw up a complete budget for the project.

Let's say you're pitching to develop a site that will be ecommerce enabled, and for which you are required to write all the content, using the bare-bones information supplied by the client. The critical expertise needed to complete this job might include:

- graphic artist
- web designer
- programmer
- copywriter

Your first consideration would be to ascertain which of your contractors have the skills you require. Then, you'd need to check their availability for the project, and each person's ability to complete the various components of the project within your required time frames. Finally, you'll need to ensure that you can integrate the various parts of the job smoothly and with minimum effort.

Ask contractors for quotes.

Once you've identified that the talent you require is ready, willing, and available to complete the project, ask them for price estimates. Once the quotes from the contractors are received and approved within your budget, you can go ahead and quote the cost of the whole project to the client.

The key issue within the quoting process is that you need to communicate your needs perfectly to contractors. There can be no doubt whatsoever about what the job requires and, importantly, when those inputs are needed. Quality assurance on each project is critical, and communication with your stakeholders is an integral part of that.

Prepare a simple cashflow budget for the project.

The objective here is to identify where your money is coming from and when, as well as where and when it's going out. Your estimates will most likely be based on your industry experience, quotes provided by your contractors, and your payment schedule as agreed with the client.

You now have your resources lined up, their quotes for the work having provided you with an excellent idea of the cashflow situation—*now* you're in a position to provide your prospect with the well-thought-out quote we discussed in Chapter 5.

Planning Team Communications

Planning your communication strategy from the outset of a project is a must. Just how, and when, will you communicate with both your team and your client?

Here's a simple four-step plan to push your communications off to a great start:

Specify the desired outcomes of the project.

A clear set of goals is, of course, an essential part of your communications strategy. Document exactly what was agreed with the client, and have the client sign this document prior to commencing the project. Ensure the client understands that any deviation from this agreement will represent extra work outside the agreement, and additional charges will apply accordingly.

Identify the requirements of achieving your goals.

This will help you put together a time frame for action.

Decide on your mode of communication.

You know what outcome you want, you know what you want to say—but how will you say it? Communicating these expectations clearly to your team is a must. Again, written documentation is best—it's a clear and unequivocal way to communicate your message. And with multiple projects, the distribution of information to the various stakeholders can be a significant challenge. Document the lot!

Measure the effectiveness of your communications.

Are you meeting your goals? Measure and tweak the communications process or tools as required.

You've analyzed the risk of the job, you've assembled a skilled team, and you've implemented a reliable method of communication with all parties involved. Your project is successfully and smoothly underway. Now, what about the next project that presents itself two days later? And the project that falls into your hands next week?

Key Points

- Assess the project's risks, then minimize them.
- Get the right people at the right time at the right price.
- Plan your communication strategy from day one and communicate your exact message each and every time.

Managing Multiple Projects

If your business model allows you to outsource large chunks of a project, or even all of it, you can complete multiple projects simultaneously. This is a tremendous advantage—clearly, having five profitable projects on the go is better than just one!

Managing multiple projects involves multiple risks and multiple time frames. You must manage multiple team members, multiple stakeholders, and multiple resources. Taking care of all that means your delegation, prioritization, and time-management skills will have to be first rate. Problem solving, lateral thinking, improvisation, and risk taking will all be required as you overcome the challenges involved in the management of multiple projects.

So, what's the key to success here? Well, in my experience, you must first understand exactly the goals of each project. Once you understand these objectives, your success will depend largely on your ability to balance resource management, risk management, scheduling, priorities, and time. The complete process involves six basic steps:

- # Identify and establish the objectives and goals.
- # Establish what you need to do to achieve these.
- # Identify and establish priorities.
- # Establish time frames for the integrated projects.
- # Start managing!
- # Conduct ongoing assessment to ensure that objectives and goals are being met.

Running multiple projects requires a solid team structure. I always include the team as a major element of our risk assessment. The quality of the work you produce always reflects the quality of the team you use.

It may be risky to allocate certain parts of a project to previously untested personnel, but we've found this to be a critical component of long-term success. It's a case of always pushing and multiskilling our team, so that we can continue to grow the scope of our business, and produce excellent results on each job.

I've found that managing multiple projects is no harder than managing just one. Sure, there's more work to do, but, with a clear differentiation between jobs, and an understanding of how they integrate together, multiple projects are manageable. At the moment, my team is completing four different sites that will all use basically the same technology and database infrastructure. We've created a back-end database for one client, and, with a few tweaks, it will be perfect for the other two clients. Everyone receives a tailor-made solution. The fact that four clients require the same thing means we can profitably allocate more resources to the database's development, which means that each client receives a much more sophisticated solution than they might otherwise, at a terrific price.

Again, the key to effective management is communication. Along with the basics of effective delegation and empowering the appropriate people, effective communication makes the management of multiple projects no different than the management of a single project.

Managing Multiple Relationships

Managing the web project itself is easy—it's the management of the relationships that's difficult! Relationship management is the critical component that will have the greatest impact on a project's success.

Relationship management is a case of, to put it simply, recognizing the different strokes for different folks. I've worked with designers who put together a design within a matter of hours, which was fine. I've worked with designers who need constant pushing and prodding to get started, get going, and get finished. I've worked with programmers who needed a huge amount of detailed information to complete the simplest task. I've worked with programmers who, with the barest whiff of detail, rush off and finish the job to perfection in what seems like minutes.

I always say business is about relationships. People will deal with you if they like you, and you'll deal with people if you like them. As you develop working relationships, you'll soon identify what works to motivate the people you're working with. Armed with this important knowledge, you can hone your dealings with team members to gain maximum productivity and achieve the best results possible.

Giving Team Members Ownership

I've found it essential, when managing a team of contractors, to give them a real sense of ownership on projects. Not only does this tend to improve the quality of the work they produce, but it seems to contribute towards a much smoother job. We try to encourage this sense of ownership by including the contractor in the development of that part of the site that's relevant to them. We involve them as much as possible, and provide positive feedback for their input.

A good example of this approach is in the relationships we've developed with some of the designers we use. We might provide a brief for a project, and then ask for the designer's input into the navigation system to be used. If we do decide to go with their recommendations, the designer feels like they're a part of our team, not just some blow-in who's doing a design within the constraints we've provided.

We also give team members bonuses on a regular basis for quality work. Extra money here, a bottle of wine there ... it all helps create a positive experience for the contractor.

Providing this sort of recognition doesn't need to cost a lot: for example, a designer helped us complete a job quickly a few weeks back and we paid him a 33% bonus on top of his invoice. He got us out of a tight spot, and his design was terrific. We can rest assured we'll receive a competitive quote, quality work, and a real commitment the next time we work together with that designer.

Empowering Team Members

Empower is one of the loveliest of buzzwords. An empowered person has the power to make their own decisions and take control of what they're doing. Empowering people within your team, whether they're employees or contractors, can add tremendous value to a project and take a load off your shoulders.

Of course, you need to know and trust the person very well before giving them this added responsibility. Some people thrive on the added trust and freedom, whilst others don't handle the pressure. As a business operator, we want people who can take the initiative and run with it. We provide the environment for this to happen, but obviously need to assess the effectiveness of what we're doing. Sometimes you'll find a wonderful contractor with the initiative, work ethic, and attention to detail that can help make your business a huge success.

The best example I can give here is that of a wonderful programmer we contract often. By developing a terrific working relationship, we've empowered her to do whatever she thinks is best for each of the sites she works on. Her commitment is to provide the absolute best solution every single time, and since we're confident and trusting of her ability to do that, she's empowered to go ahead and develop the programming as she sees fit. Once we delegate a component of a project to her, we know it will be done, and done well, without us looking over her shoulder or worrying about her meeting the deadline. That's the benefit of empowerment!

Key Points

- Identify and maximize the benefits of multiple projects—synergy can be a beautiful thing.
- Establish clear objectives for every project.
- Managing relationships is the hard part of project management—empower your team and give them a sense of ownership.

Working with Time Frames

The other important consideration for any project manager, after their staffing and resources, is, of course, the project's time frames. As simple as it sounds, working to a deadline involves much more than simply circling a date on your wall planner on which to deliver the project to the client. Let's see exactly what's involved.

Estimating Completion Dates

The first step in estimating project completion times is to complete a comprehensive review of the project and its requirements. You might find it best to break every component down into its parts, estimate the time each will take, and then add the individual estimates together. Once you have a little experience behind you, you might be able, to some degree, to use your intuition to accurately assess the time required for different tasks.

When scoping a project, we always plan the time frames separately for each individual part of the job. We use a simple Gantt chart to estimate the time frames involved and the steps to be taken in each project. Table 10.1 provides a simple example of how we might set out a project in the very early stages:

Table 10.1. Gantt Chart Representing Project Milestones

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Briefing Meeting	X					
Design Outline	X					
Hosting Setup	X					
Obtain All Graphics		X				
Design Draft		X				
Design Edits		X				
Design Approval			X			
Configuration of Scripts			X			
Update Meeting			X			
Obtain Testimonials			X			
Develop Site Copy			X			
Usability Testing				X		
Training Of Staff				X		
Technical Review				X		
Uploading Of Site					X	
Launch						X

Although this is a basic example, it shows how you can easily conceptualize the progress your project might make. Once you list the various components of the job, you can move on to allocate time frames to each component, bearing in mind that some aspects of the project will be integrated into others.

From this point, you can establish an appropriate time frame for the development of the project. Keep in mind a couple of points when you set your time frames:

- ☛ Expect the unexpected. Always allocate additional time above and beyond that which you think each component will take.
- ☛ It's much better to deliver a project early than late.

Once you develop time frames for individual projects, it's a simple matter to create a comprehensive timeline that incorporates the milestones and deadlines for all the projects you're completing. From that schedule, you'll begin to see where and how you may be able to integrate various components of different projects to lessen the burdens of each job, and take advantage of the logistical benefits that multiple project management provides.

Knowing the objectives of each stage in the project development process is the role of the project manager. Furthermore, it's ensuring that these objectives are fulfilled at every stage that spells either success or disaster for the project.

As the project manager, you'll be responsible for both the project's costs and its schedule. Keeping a close eye on the project to ensure its time frames are in check is a fundamental control you need to have.

Working to Deadlines

Working within set time frames becomes even more important when you're managing web development projects. Ensuring smooth site development is a matter of pulling together many, many different components. If any of those components, for whatever reason, cannot be added to the mix at the precise moment at which it's required, the entire project can come to a grinding halt.

Estimating the duration of an activity is easy—the hard part is sequencing all the activity to fit perfectly together at exactly the right time. As much as we might recognize this, and as much attention as we pay to this goal, it won't always be possible to have all your team members working in perfect sync. Problems will rear their ugly head, and they usually do so at the worst possible time. Expect the unexpected! It's a rare project indeed where everything goes perfectly to plan. As vigorously as you may work your team to meet its deadlines, you won't always succeed, so you need to give yourself some flexibility for those occasions when things won't go to plan.

In our business, we do this by providing our contractors with the brief and a very firm deadline. Within this deadline, we allow ourselves a day or two extra for the unexpected. Then, when a problem decides to strike, we can remain calm, knowing that we have some flexibility in the schedule. If you know you have some time to deal with the issue, without compromising the efficiency or quality of the site development, you can meet your schedules and provide the best-quality work.

Delegating Tasks

Though we've discussed it in a general sense, effective delegation plays a major role in successful project management—in fact, it's the essence of the task.

Delegating the various roles involved in a project takes a great deal of confidence; after all, no one does it quite as well as you. Delegation requires the communication of crystal-clear instructions. If the person to whom you're delegating a task knows exactly what's required, your life will be a lot easier.

Here are my eight top tips for delegation:

- ✦ Educate the team member about why the task is important—this will help you elicit a firm commitment to the task from that person.
- 🌀 Set clear objectives and goals.
- 🌀 Provide the team member with all the resources required to review and complete the task.
- ✦ Give the person the authority to do the job. Then, leave them alone to get on with it.
- 🌀 Encourage the person to come to you with any questions.
- 🌀 Monitor progress at prearranged times and in ways that have been previously agreed to.
- 🌀 Provide feedback as required.
- 🌀 Recognize the valuable input and success of the person to whom you delegated the task.

Accounting for the Human Factor

If you take time to understand the capabilities of the resources you have available, you'll minimize the chances of projects swerving off track. However, control over your schedule requires not only that you understand the capabilities of team members, but also that you have the ability to integrate the various project components together at the appropriate stages of development.

I mentioned the personnel side of risk management in the section called “Undertaking a Risk Analysis” earlier. If you know the skills and ability of each team member, then you can be confident about the quality of the project's outcomes. You'll be in a much stronger position to keep within the project's time frames, as you understand the strengths and weaknesses of each individual and can tailor your management style accordingly.

Consider the case of one of the graphic artists we use extensively. Although he does superb work, he is simply too unreliable when it comes to meeting time frames to be of any real use to us. But for some reason, if confronted with a rush job, he'll always have the work completed to a high standard within a matter of hours! Now, although we don't plan ahead to use him for many projects, he's great to have as a backup resource if another designer is suddenly unable to meet our needs. Knowing the strengths and weaknesses of this designer enables us to make him an asset to our team, rather than a liability.

The advice to expect the unexpected in project management applies strongly to dealing with your team. Things do go wrong, people will let you down, and computers do crash—taking valuable data with them. Factor in additional time to meet these challenges:

if you don't, you'll be pressed for time when disaster inevitably strikes. And when you're under pressure, you're more likely to make mistakes.

Another aspect of the human factor to which we find ourselves giving more and more consideration, when managing web development projects, is the potential lack of availability of the client.

Don't assume that the client is as keen to have the project completed as you are. Often, for a variety of reasons, they're not. Maybe they feel that they've handed the project over, and it's entirely up to you to deliver it without any further input from their end—out of sight, out of mind. Maybe your client moves on to a new company, and you're left to educate the person who takes over the role. Maybe they want to push back the completion date for whatever reason. So, they won't always be available when you need them.

While assigning your resources across multiple projects with similar requirements can provide substantial time savings, it's important to note that scheduling resources is not a simple matter of economies of scale. For example, while the four databases we discussed allowed four of our clients to enjoy significant time savings, scheduling the work and associated cost is not just a matter of establishing the time it takes to complete the task once, and dividing by four. The need to integrate each component, even if it has been fully developed for other projects, means that any time savings we make on the development itself will be reduced to some degree in the process of integrating the component with each client's individual system.

Setting Priorities

Successful project management means that the job is completed, satisfactorily or better, on time. And, to get the job done, you'll need to prioritize its various elements. As the project manager, it's your role to identify the priorities—a fundamental element of project success.

Knowledge is power. As the manager, only you will have an intimate understanding of what's going on with the projects you're managing.

An example of the intricate nature of prioritizing is a job we completed recently. I'd allocated the various tasks to my team members, and my main priority was to have the design completed on this particular project. Every other aspect of the project was nailed down and set in stone. But, above all else, I felt that we needed to complete the design before we could move on.

As it happened, the design was quickly completed. “Great!” I thought. Immediately, my next priority became the site’s programming. However, as we delved into the programming, it became apparent that the design wasn’t compatible with the functionality we needed the programmer to build into the site. We had to redesign.

If I had better assessed the priorities involved in this project, it would have been apparent that the programming should have taken priority over design, saving me time and money.

Key Points

- Only with a comprehensive idea of what needs to be done can you estimate a project's completion date.
- The unexpected will always occur—give yourself some extra time to complete each project.
- Knowing the strengths and weaknesses of your team assures quality.
- Delegate whatever jobs you can, and communicate your needs exactly.

Keeping On Track and Organized

Of course, once you’re managing multiple projects, things can become a little messy! You face deadlines at every turn, are swamped in agreements and signoffs, have milestones coming up fast ... and that’s just the start of it!

I have a concept I’d like to emphasize here: **organization**. You must be organized with your project management, or your professional life will be a nightmare.

My tip on project organization is to do whatever works for you. We use a combination of Gantt charts, project sheets, and web-based forums to keep track of who’s doing what, which milestones are due, and the overall progress of our projects. Here are a few of the most common organizational tools—try them, and see what works for you.

Planning

The essential element of project management is effective planning through the stages to completion.

First, break the project down into sections and then sub-sections. When your project is in smaller chunks, you can very easily identify what needs to happen, what resources

need to be allocated, and what time frames need to be adhered to in order to facilitate a smooth transition into the next phase.

Now the best way to plan out the project is ... well, that's up to you! We all work differently, and we all plan differently. Some people need to plan in magnificent detail, involving colleagues and whiteboards, while others need a sheet of paper, a pen, and five minutes to do the job. Do what works for you.

Documentation

As you go, minimize your trial and error by documenting the processes as they develop. This way, you'll have the opportunity to see where any issues are.

Furthermore, a key part of project organization is to have *everything* documented. Our unofficial motto is, "If it's not documented, it doesn't get done." It really is almost that simple.

Document every part of the process, from the agreements with contractors, to quotes, to expectations, to dispute resolution ... everything. Only with clear and concise documentation can you have a clear and concise path to your ultimate goal.

Implementing the Plan

The big factor here for successful implementation is communication. If you can communicate each team member's roles and responsibilities effectively, the chances of your project running smoothly are significantly improved. With the allocation of duties to each team member, we generally break each task up like this:

action to goal

This provides full details of the action to be undertaken and the goal to be met.

accountability

It is made clear who is responsible for the completion of this part of the project.

time frame

A clear date is assigned for completion. Importantly, we also detail progressive milestones to facilitate completion on the assigned date.

Putting this planning strategy into effect means that you can potentially have hundreds upon hundreds of things happening at once. Keeping all of your pieces of the plan together can become complicated—and this is where some trusty software comes to the rescue.

Using Project Management Software

There are any number of specialist project management software packages available, and it may pay to review the suitability of these packages to meet your needs. As a web professional, chances are you will intuitively identify ways to maximize your own use of the software—and the benefits from these sorts of packages can be huge. While this isn't the place to go into any detail, I'll mention three resources that can be of significant benefit:

Basecamp¹

Basecamp, shown in Figure 10.1, provides a range of online project management tools that improve communication between people working together on projects. It's hugely popular. The only downside is that pricing can be a little steep for smaller operators, but it does represent great value.

The screenshot shows the Basecamp dashboard for 'eNormicom Extranet'. At the top, there's a navigation bar with 'Dashboard', 'To-Dos', 'Milestones', 'People', 'Templates', and 'Settings'. A user is logged in as 'Larry Appleton'. The main content area is divided into several sections:

- 1 Late Milestones:** A red warning icon indicates a milestone is 7 days late: 'Awaiting payment so we can release the document (Smithco) Intranet experience review | Matt Linderman'.
- 3 Due in the next 14 days:** A calendar view showing tasks for 'Wed TODAY' (Review Personal/Basic) and 'Fri 29' (Kick off meeting).
- 4 Your projects:** A sidebar with the e-NORMICOM logo and a list of projects: 'Office relocation', 'Site redesign', 'Backoffice screens', 'Intranet experience review', 'Snowglobes', and 'Web Site Redesign'.
- 5 Latest activity:** A list of recent posts and comments from team members like Jason Lindy, Sam Linderman, Matt Ruby, Lisa Price, David H., and James K.

1) Late items appear at the top in red 2) Your logo goes here 3) Anything due in the next 14 days shows up here 4) Your project list 5) Latest activity across your projects.

Figure 10.1. Basecamp dashboard

¹ <http://www.basecamphq.com/>

activeCollab²

activeCollab is an easy-to-use, web-based project management tool; you can see it in Figure 10.2. You set up the software on one of your own sites and develop an environment where you, your team, and your clients can collaborate on active projects. It's 100% free.

The screenshot shows the activeCollab dashboard interface. At the top right, it says "Welcome back Ilija Studen (Logout), Account Projects Administration". Below this is a navigation bar with tabs for Overview, Messages, Tasks, Milestones, Documents, Tags, Forms, and People. A breadcrumb trail shows "Dashboard >> activeCollab >> Overview" and a search bar is on the right. The main content area is titled "Overview" and includes buttons for "Add message", "Add task list", "Add milestone", and "Add document". A central box titled "activeCollab" contains a message: "This is place where we discuss where activeCollab is heading, what and how should be done etc. Fun stuff. As you know activeCollab is still in early stage of development. Here are the things we are planning to add in 1.0:" followed by a bulleted list of features: project forms (details), installer (details), fulltext search (details), time tracking, private messages, categories for messages, attach file to anything, comment on anything, rewrite documents section, and build richer interface. To the right of this box are sections for "Forms" (Post comment, Report a bug, Feature request), "Project status: Active" (Edit project details, Mark project as finished), and "Involved companies" (activeCollab team, aC Demo, aC Subscribers, Beta Testers). At the bottom of the central box are links for "Have comments?", "Feature request?", and "Report a bug". Below the main content area is a "Recent activities" section listing three tasks: "Task 'Change 'Nobody' to 'Anybody' in Assign to control' closed", "Task 'Change 'Nobody' to 'Anybody' in Assign to control' updated", and "Task 'Client should not be able to assgin tasks or miles...' updated", each with a timestamp and the user "Ilija Studen".

Figure 10.2. activeCollab dashboard

Microsoft Office Project³

Microsoft Office Project is a solid tool with many excellent features for managing projects with contractors and clients: it's shown in Figure 10.3.

² <http://www.activecollab.com/>

³ <http://office.microsoft.com/en-au/project/default.aspx>

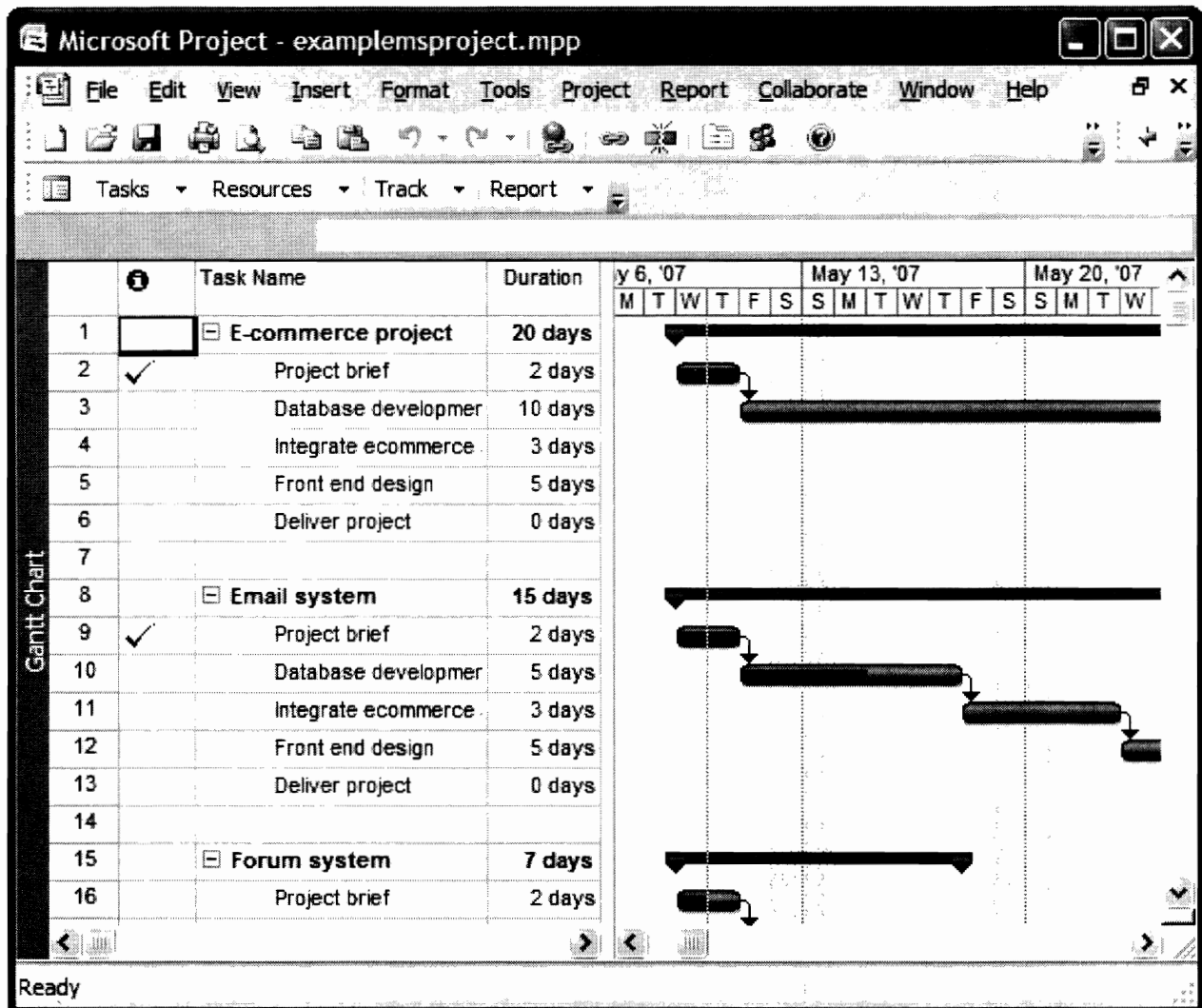


Figure 10.3. Microsoft Office Project Gantt chart

Using project management software can make your management of projects a cinch. What I very strongly suggest, if you're looking at outsourcing work in the future, is to pick some project management software now and start using it as soon as possible. You see, you need to be expert in using the software. You need to know the ins and outs of maximizing the software for maximum efficiency so that you can mentor your contractors in the effective use of the software. When you're leveraging your contractors to maximize your profits, you'll be managing numerous projects and contractors for greatest effect. It's far better to learn project management software with one or two small projects, than later on when you have five large projects to handle.

Online Project Forums

We use a web forum as a meeting point for the various people involved with each project. Forums provide a quick, easy way to interact with our team (we split the discussions up,

so contractors generally don't deal with anyone but project managers), and a simple way to document our interactions as we progress.

The Basecamp web solution we just looked at will enable this option, as does some free software such as phpBB.⁴ Another paid service is provided by vBulletin.⁵ Alternatively, there are a number of free private messageboard providers online.

This all equates to clear communication—and clear communication is the number-one key to quality project management.

Meetings

This brings me to my next point: meetings. Nothing slows a project down as much as constant meetings. We've tried an array of strategies: daily meetings, weekly meetings, meeting only when we reach certain milestones.

What works best for us is to hold a general meeting at the start of a project, where we identify the objectives. From there, we develop the various strategies we'll employ to complete the project, including time frames and milestones. From then on, in the case of working with an in-house team, we meet very informally to provide solutions to any problems that arise, or to gain interim progress reports from team members. These informal meetings occur all day, every day, as we work toward a goal.

When working with a team of contractors, we schedule more regular milestone meetings throughout the life of a project—that's where we discuss how various team members are progressing, and where we can identify issues that are impeding progress. This allows us to allocate additional resources or change strategies to keep the project moving forward.

Again, an important note here is that this approach works best for us—it may not work for you. Find out what works best for your team, and stick with it!

Reporting

I've hammered the point about constant communication throughout this kit, and I'm about to do it again. An informed client is a happy client. An informed web designer or programmer is a happy web designer or programmer. And an informed project manager is a happy project manager.

⁴ <http://www.phpbb.com/>

⁵ <http://www.vbulletin.org/forum/portal.php>

Reporting can be an essential element of that communication, so let's look at it in more detail.

Internal Reporting

As the project manager, you need to be kept informed at all times. Regular and concise reporting is essential, and you must establish the rules for reporting as early in the project relationship as possible. The reports need to be relevant to the job you're working on, and include enough detail for you to make informed decisions.

For example, it's of no assistance if the programmer gives the project manager a technical overview of the database development in a report. The project manager simply doesn't need that information. The manager needs to know whether the component's development is on track, and that the component is working as required. Nothing more, nothing less.

The moral of that simple example is that the project manager must communicate very clearly exactly what they need and expect to find in each report. Only then can they make clear decisions based on all the relevant data.

To establish consistency in your reporting, I suggest you develop a template that can be used by all people reporting to you. With a template, you'll find that your team can be shown, step by step, exactly how to provide the information you require, in the format you require. A template can be an invaluable tool to assure the quality of the reporting and will, I'm sure, make your project management much easier—that's why I've included the **Reporting Template** in the Documents folder.

Client Reporting

Reports to clients are similar. We find that progress reports, especially those in which we compare the project's progress to the Gantt chart time frame, are an excellent way to keep the client abreast of all developments.

As ever, first identify what your clients want, then give it to them. If the client wants you to fax through a one-page report once a week, then do that. If they want a 20-page document each week, provide one. If they require a telephone call once a week, ring them. Identify these aspects early in your assessment, and include the associated costs in your quote.



Reporting Made Easy

An effective web-based way to report to your client is offered by the Basecamp solution we looked at earlier. Another good solution is Goplan.⁶

Some reporting, particularly to major companies, requires many hours of work every week. You need to have built this into your quote. It's too late to realize when the project is half-finished that it's taking you four hours each week just to compile the regular report for the client.

Keeping in mind the documentation you require for your own quality assurance, give clients the information they require. We generally stick to this rule of thumb, though we usually provide some additional information to demonstrate our rationale for making certain decisions. This helps the client get a feel for what we're doing, and why. We actually find this very beneficial in demonstrating our expertise, and reassuring the client as to the methodologies we're applying as we develop their project.

Effective reporting can improve the quality of the project and, ultimately, contribute to its success. Take your time, and use every tool at your disposal to ensure that clients receive the exact information they require.

Project Evaluation

This is the easy part! Did you meet the objectives of the project? You either did or you didn't—there are no “buts” about it!

If you did meet your objectives, good for you. If you didn't, it's not so good for you—but you do receive a free bonus! Yes, that's right: you are the lucky winner of brand-spanking-new experience.

Experience is a wonderful thing. With experience, you can avoid many of the pitfalls of project management in the future. Take every opportunity to review how you have managed projects, and identify the consequences of your decisions. You'll learn more through a thorough analysis of your performance than through almost any other method.

One of the best lessons I ever learnt was to never, ever **burn bridges**. Burning bridges, in this case, denotes the acrimonious ending of relationships. In the past, if someone did the wrong thing by me, I'd let them have it—with both barrels! I was an angry little man. The result would be a relationship that was impossible to repair, so I learnt that lesson

⁶ <http://goplan.info/>

the hard way, and these days I'm as gentle as a lamb. I'll still end the relationship if required, but I'm nice about it, and always leave the door open for communication in the future. We'll look more at this point in Chapter 11.

In business, you need as much as possible going for you. Increase your odds by learning from the experiences you have as you tread the path of project management.

Key Points

- Document everything—it really will make your life easier.
- Use whatever tools you need to manage efficiently.
- Report regularly and succinctly—give clients what they want.
- Evaluate your project management and build on those skills!

Summary

Project management, especially that of multiple projects simultaneously, can be a tricky business. By following the advice provided here, you'll soon get a feel for what works, and what doesn't. In this chapter, we've covered the basics of project management—it's a huge area—and discussed the critical points.

Having that clear set of objectives is a must. If you don't know exactly what you have to achieve, you won't be able to achieve it. Write those objectives down, then work out a plan of attack to achieve them.

Scope creep is a potential profit drain. We've identified the best way to avoid it: clear and agreed documentation of deliverables. Have the client agree to the scope of the project, and make them aware of what will happen when they ask you go beyond those agreed boundaries. Easy!

We also walked through a basic team communication strategy, again emphasizing the need for you to know exactly what you must achieve before you can start planning to achieve it! Your communication strategy needs to take into account the information you want, as well as the information you give out.

Risk assessment sounds like a highly technical term, but all it means is anticipating what can go wrong. If you can anticipate what might go wrong, you can put in place procedures to reduce that risk. You can have strategies ready to deal with problems as they occur, thus minimizing the damage to your project's ultimate success.

In this chapter, we also delved into relationship management. We explored the importance of empowering your team, and encouraging in each team member a sense of project ownership.

Completing a project successfully is great, but it's not so great if you deliver the finished job late. That's not beneficial for anyone! Here, we discussed some hints on how to keep within time frames, along with some practical examples. Knowing your team, setting priorities, keeping track of what's going on—it's all part and parcel of project management.

Finally, we mentioned reporting and evaluation. You know you did a great job. Your team knows they did a great job. But does the client share that sentiment? With regular and effective reporting to give the client exactly what they want, and a complete project evaluation process, in which the client is involved, everyone's happy!

... Or are they? We'll now look at Chapter 11, where we'll consider those pesky clients, and what you should do about them.

Chapter 11

Dealing with Pesky Clients

“Pesky” is a good, useful word. I like to use it to describe those clients we all know about. A pesky client can mean anything from the client who tries to gain something for nothing, to the client who needs every single detail explained, to the client who simply doesn’t pay.

We’ve all been there—or if you’re new to the world of business, you’ll soon find out what I’m talking about. Pesky clients can, without too much trouble or effort, cause you to throw your hands up in the air and exclaim, “This is too much trouble—I quit!” However, there’s help at hand—and, managed correctly, pesky clients can even become a most valuable part of your business.

In this chapter, I’ll talk about the various strategies you can use when dealing with pesky clients so that they become valuable business assets, rather than a huge drain on your time, energy, and resources. Not only will I mention some ways of avoiding picking up pesky clients in the first place, I’ll give you some rock-solid examples of what I’ve done over the years to turn pesky clients into delightful—and delighted—clients.

The Reason to Avoid Pesky Clients

Let’s start by taking a quick look at why you don’t want a pesky client.

Inevitably, you will pick up pesky clients here and there if you are in business for any length of time, as you grow your client numbers. To put it bluntly, pesky clients will drain your energy, money, focus, creativity, morale, and much more. Pesky clients can, left

unchecked, destroy your business. They might sound a bit like that vicious tomato-killing virus in your garden, and they're not much different.

The greatest problem is that just one pesky client can suck your business dry of all the positive energy you've put into it. You reach the point where the sound of the phone ringing elicits a sinking feeling in the pit of your stomach. You just know it's going to be *him*, complaining bitterly about some major catastrophe, such as you not responding to his fifth email for the day within your usual ten-minute time frame. The mere mention of the client's name is enough to reduce you to a quivering, depressed mess.

From a business survival perspective, moreover, the pesky client can drain your business of much more than energy. They come in several flavors:

loss maker

These are the ones who are always trying to screw you down on price. They'll actually cost you more than they're worth, or be just barely profitable for your business.

slow payers

They need to be constantly reminded to pay accounts—most small businesses don't have the time or resources to constantly chase up bills.

focus drainers

You'll have to spend valuable time and energy dealing with this pesky client, diverting your focus from looking after your great clients.

Take a minute to check out the popular web design forums all over the world. You'll see that one of the most common and recurring questions is, "How do I deal with this problem client?" The posts detail a litany of disaster—the client doesn't respond to calls, the client gives conflicting feedback on a design, the client wants more features added to the site, the client doesn't pay, and so the list goes on.

Believe me, these problems aren't minor when you're a small businessperson just starting out. Business is tough enough without some clown, for whom you have expended your blood, sweat, and tears, not paying the bill. You need these not-so-minor details to work out right for you when you're building your business. Therefore, it's vital to avoid pesky clients, and, if one does slip through the net, to be able to deal with them effectively.

One of my brothers hitchhiked through almost every country in the world during a five-year travel odyssey. I remember asking him how he managed to stay safe and unharmed that whole time, and he answered, "Not accepting a lift from everyone who stopped and offered one." That's a good analogy. *Don't* take every client on indiscriminately, even

when you feel you need all the business you can find, because some of them can cause you a big loss. Unlike my brother standing on the side of the road with his thumb out, though, you do have the chance to influence the way the business relationship develops if your promising new client does turn out to be problematic.

Avoiding the Pesky Client

As a web development business owner who has had his share of these pesky clients over the years, I'll start by detailing how we try to avoid them altogether.

We use what we call a **commonality survey**, a sample of which you'll find in the Documents section of this kit. It's the same assessment we undertake to identify our good clients. What we essentially do is assess elements of the potential client and apply these elements to our past experiences to ascertain whether there's a common factor. After being in business for ten years, you inevitably gain a bit of experience with pesky clients—sometimes it's not the client who is the problem, it's actually our inability to work with them or manage them effectively that's the cause of the issue.

Spotting the Red Flags

Firstly, we note the characteristics of previous clients who have turned out to be less than fun. Some of the red flags for us have been:

- someone who has zero Internet experience
- someone who doesn't know what they want beyond "I want a web site"
- someone who has completely unrealistic expectations
- someone who is aggressive
- someone who suggests paying us from the profits that their new web site—the one that we'll be developing—will make
- someone who doesn't trust us from the very start

Check out this real-life call I received once: "Hello. Is this the web site place? I want a web site. No, I don't know what sort I want. No, I don't how much I want to spend—you tell me how much it'll be. But I do want to make enough to resign from my office job within six months." Yes, this is a red flag *par excellence!*

Our profiling isn't a perfect system by any means, but it does provide us with a concrete basis for aspects to be wary of. In addition, it helps us to initiate strategies to manage the potential client better than we would normally have managed them.

Conducting Risk Assessment

Once we've identified a client as potentially pesky, we perform a **risk assessment** on them in order to ascertain what benefit our business will receive from them for the amount of resources we'll need to invest in them. Our risk assessment involves reviewing various factors that will impact on our acceptance—or otherwise—of the person as a new or on-going client.

gut feeling

Listen to that intuitive part of yourself where you get a feeling about a person. I learnt this one from my wife, whose assessments of people were unerringly accurate over many years. The main thing I noticed about pesky clients—before they became unprofitable—was that my wife didn't like them. She can spot a client who will become a problem within five minutes of meeting them, whereas I don't seem to pick it up until much later. It took me a while, being the logical person that I am, to accept that someone could so effectively correctly assess a potential client based on a five-minute meeting.

Since I first wrote this kit, I've read Malcolm Gladwell's excellent book *Blink: The Power of Thinking Without Thinking*.¹ Malcolm explains that our instant assessments of situations and people are generally proven right, based as they are on an amazing range of criteria stemming from our previous experience.

So listen to your gut; act on those feelings. It can save you a lot of trouble down the road.

profitability of the project

Let's move on to more quantifiable criteria now.

Part of our pricing strategy is to charge different clients different amounts for essentially the same job—this isn't based on taking advantage of some clients over others. It's more a case of stopping the client from taking advantage of me.

You see, I sometimes allow for a “pain” factor. That is, if during my assessment I identify that the client will require constant updating, will be calling the office five times a day, and will try to micromanage the site development, I add a premium on top of the quoted price to account for these time-intensive factors.

¹ Malcolm Gladwell, *Blink: The Power of Thinking Without Thinking*, (Boston: Little, Brown, and Company, 2005).

If a comfortable profit margin isn't available to cover the risk we'll be subjected to—that risk being the cost of the resources we allocate to complete the job—then we'll pass on taking on that client.

payment

Will they pay the bill? On time? This one's a biggie, and it's a common problem for all businesses. After all, if they don't pay the bill, then they certainly won't be profitable!

There isn't often a lot you can do to ascertain this point, aside from credit checks. Even then, you might not be able to search the client's true background—it's too easy for people to change the name of their business, after all. Our golden rule is that if the client doesn't pay the very first bill on time (typically a 50% deposit prior to the commencement of work) then we terminate them as a client before we go any further. Like I say, the best indicator of future performance is past performance—if a client doesn't pay the first invoice as agreed, then it's likely to be a recurring issue that you really don't need to be dealing with.

ongoing potential

Does the client have potential for further work, or the capacity to bring or refer other clients to the business? That is, they may be a candidate for a redesign next year and the year after and the year after—such as a company involved with sporting events might be.

Sometimes the potential outweighs the peskiness when taken into account, provided the client meets profitability measures and will pay on time. Conversely, if it's a one-off project, it may not be worth all the problems you'll have with the client along the way.

With awareness of the red flags I mentioned above, along with this simple four-step risk assessment, you'll have a much clearer picture of whether this new client will be a dream or a nightmare.

Don't hesitate to reject the person or company you identify as a potential pesky client from becoming your pesky client. You have the awareness of what the pesky client can do to your business, and you know how to identify them.

Keeping the Right Clients

I recently had a client call me on a Friday afternoon: “Our web site doesn’t show up. The hosting must be down. We’re not even getting emails today. If this isn’t fixed immediately, we’ll be taking legal action.”

Oh, dear. I dropped everything and looked into the situation. My initial assessment and troubleshooting efforts of the site didn’t find a problem, so I called the client back to let them know that it all looked fine at our end.

“Well, it’s not. You’ll have to come to our office. Get this fixed!!”

I drove the 20 miles to the client’s office. I identified the issue within seconds of arriving—and I’m no technical genius. “You need to connect to the Internet to see your web site and check your emails,” I said.

The client wouldn’t hear of us charging them for the time it had taken to resolve their issue. They didn’t see the time on the phone, in the car, or at their office as billable.

One of the keys to our business growth has been our embracing of a simple philosophy: if we don’t like the client—for whatever reason—we get rid of them. It’s as simple as that. It’s a fundamental shift in our thinking from when we first started in business, when we took on every client we could get hold of and went way beyond the call of duty to appease their every whim. Gaining as many clients as possible was, or so I thought, the key to success—but I was wrong. Gaining the *right* kind of clients is the key to success. The right kind of client is one who respects you and your time, meets their end of the bargain, and who is honest, ethical, and just plain decent.

So let’s move on to take a look at all the different types of pesky clients you might encounter, and what you can do about them. I’ll use a few examples from my own business, as well as various stories relayed by web developer friends over the years, to illustrate what I’m talking about.

Key Points

- Be careful to avoid pesky clients—they'll drain your business's time, resources, and energy.
- Conduct a commonality survey and a risk assessment in order to spot pesky clients early.
- Don't be afraid to reject clients that have all the hallmarks of peskiness—getting the *right* clients is the key to success.

Peskiness: Let me Count the Ways

The pesky client comes in many shapes and forms.

We've had pesky clients who were men, women, old, young, web-savvy, web beginners, experienced businesspeople, business newbies—the list goes on. We've seen them all, and I'll tell you this: you can never categorize a certain type of client as likely or unlikely to become pesky.

As varied as the type of people we've seen become pesky clients, is the type of problems they represent. They range from the aggressive—"Get this done today! What sort of web developer are you? My daughter can do a web design in two hours!"—to the passive—a very simple site once took us seemingly forever to develop because the client couldn't or wouldn't make a decision. Then there are many, many others in between.

The pesky client can suck all of the energy out of your team and have them wishing they'd taken a different career path; teaching, golf-caddying, anything but dealing with this client. I remember a pesky client calling our office so often that it reached the stage where no one even wanted to answer the phone, just in case it was this client with yet another "terrible, terrible problem."

So let's have a look at a few horror stories we've been involved in (and a few we've heard about) to whet your appetite and help you identify the next pesky client who comes your way.

Defining the Characteristics of Peskiness

There are many different ways in which a client can be pesky. I'm not talking about clients with genuine and reasonable complaints here: I'm referring to *annoying* clients whose

sole purpose in life is, it seems, to drown you in a sea of frustration. Let's define the most commonly seen types in the web design business:

the scope-creeper

Scope-creep is probably one of the most common strategies of the pesky client. It's these scope-creeper clients that can cost you the most if not handled correctly.

This is the client we met earlier in Chapter 10, who insists on you making ten changes to the web site, before finally reverting back to the design you originally did. They'll then move on to add "just a couple of little things that they thought were included," which will take you another three days. Then you'll find yourself having to write the copy of the entire site, otherwise it will never be launched and you'll never receive your balance payment!

With the scope-creep situation, if you don't have the details nailed down in a document from the outset, you'll soon wish you did. You're never going to cover everything in your documentation, and you do need a decent degree of flexibility when developing web sites—after all, things change, and in the wonderful world of the Web they change quickly—but you need to have the basic agreement down on paper in order to wave it at the client later.

Our policy is basically to develop the best site we can; we don't mind going that extra yard to make sure we do, but any reasonable client understands that there will be an additional charge if they request additional work.

the no-decision client

Indecision is a common problem, in my experience, when you're dealing with large companies or government agencies. We had a site development for a major government client that took one year and four months to complete due to their being unable to make a decision. By comparison, we've completed a similar site for ourselves that took five days.

The no-decision client is characterized by their complete inability to make a decision. Decisions are made by committees, the committees might only meet once a month, and everyone on the committee has a different agenda. It's not their money being spent, so they don't really care, but they don't want to be seen as making the wrong decision.

People procrastinate for a number of reasons, the most common being that they feel insecure. This is often the case with these larger clients or organizations that have to report to a chain of command. They don't want to make the wrong decision, so often

making no decision at all is safer. It's just that the funny thing about the client who delays a project by not making decisions is that they'll blame you for the delay.

the unavailable client

I can't abide these creatures!

They'll contact you for a web site and then provide nothing further. You're given a paragraph or two scratched out on the back of an envelope—there's no chance of being given a decent project specification with wants, needs, goals, and the like. Then when you do try and nut out some details, you'll find this person is practically inaccessible. You'll leave six phone messages, three emails, and turn up for a meeting that they forget about. If you do manage to start the site development, getting feedback or information is like drawing blood from a stone.

The project runs far, far behind—and guess who's found to blame for that. Yes, you.

the slow client

This not-so-rare strain of client is a hybrid of *Clientus no-decisionus* and *Clientus unavailablus*.

But who cares if the client is incredibly slow, you ask? We'll do the work in our own good time, present it as required, and wait. No skin off our nose if they take a year to approve a simple change. But at the end of the day, you want the project out of your hair, a completed web site, and the check in the bank.

I have a client right now who paid us a deposit exceeding \$5,000 six months ago and, for one reason or another, has put off starting on his web site. That's all well and good, but this behavior doesn't help finish the job and receive the balance of the project for completion.

the emergency client

If a new client wants a project completed urgently, that in itself is not always a problem. It's important to be able to adjust your pricing accordingly to ensure appropriate resources are allocated. You'll need to be able to pay your team overtime or bonuses for working late, as well as compensate for the potential to disrupt normal business operations. Often, however, the pesky variety of the emergency client will be unwilling to bear this cost, yet still want their project to take precedence and be completed yesterday.

My business is as customer-focused as the next one, but sometimes we simply cannot meet that impossible deadline. There have been a few occasions where we've worked miracles to develop a site in what is generally considered an entirely unrealistic time

frame, but those projects were either completed for existing long-term clients, or charged with a hefty premium. At the time of writing we've just completed a non-web project—brochure designed, copy written, artwork completed—for a long-term client within a matter of a couple of hours, but this client has been very valuable to us over the years.

You don't want to annoy your existing clients by falling behind on their projects just so you can help out a new client whose failure to plan has turned into a problem for them.

the MySpace magician

A more recent issue—in the last few years, anyhow—is the client who has a son, niece, or neighbor who is reputedly a computer wizard, willing and able to design a web page in two hours.

Conversation with the client soon turns to how fast this wunderkind can work—with the clear implication that this new-fangled web development caper can't be all that difficult. “Maybe I'll just get my kid to do it—she's doing an elective subject in web design now.” This can then lead to the constant questioning of your processes and invoices: “How has developing this page taken two weeks? My young Johnny could do it in two hours!”

the client who thinks they're a web developer

Unfortunately, the client who thinks they know better than you crops up often. They employ you for your expertise, but then don't let you use it.

This is the client who will ring you up ten times a day with suggestions for their web site. While it's important to liaise with the client on a regular basis to ensure you're both on the same page, there's no need for many calls a day. All that will accomplish is slowing down the whole process as you have to explain and debate every little detail with the know-it-all client.

These profiles are the most common issues that occur in our experience and that of other web professionals, and they have the ability to slow business to a crawl if left unchecked.

Make no mistake about it, many of these problems have no basis in logic or good business practice on behalf of the client. Take a recent client for ours, who simply decided she didn't like the new web design we'd done—after hours of review and consultation with her, including her signing off on the approval of the design. It was a personal view she'd developed, shaped by feedback from various people who weren't web savvy, weren't the

target market, or simply had no idea why we'd done what we'd done with the site. Our design was based on hundreds of different factors: usability, load times, search engine optimization, and more. Her feedback was mostly from a 70-year-old friend who had never used the Internet and had never used or needed the client's product!

It took an agonizing five hours of my time to convince the client that the site we had completed would work well for her and to give it a chance. In the first month, the site made 54 sales—that's 54 more than the zero sales the site had made in the entire previous year. *One sale* was enough to pay for the web site redevelopment work we'd completed!

A web site can be a significant investment for many people, and they are often desperate for it to be perfect in their eyes—the trouble is, their eyes aren't the same eyes used by the site visitor whom you're trying to attract and keep on the site.

When the Good Client Turns Pesky

Okay, we've checked for red flags, we've completed our four-step risk assessment, we may have even started work, and the client is still looking good. They seem absolutely delightful, in fact ... but then the full moon rises, and they transform into a slaving werewolf right before our eyes.

What now? Do we terminate them as a client immediately upon their showing signs of peskiness? Just a second, we need the money—should we lie down and take whatever they throw at us instead? It can be a tough decision. Business can be a struggle, and you need the clients. However, the last thing you want is a troublesome client—not only because you won't get paid promptly, or because they won't refer you to others, but because they can damage your reputation very quickly and easily.



It's Business

Don't take mere criticism or negative feedback from clients personally, or as a reason for seeing them as pesky and cutting them loose. It's your job to keep them happy, within reason, and you have to understand that lesser problems with clients will arise just as clients have trouble with suppliers. It doesn't have to be the end of everything. We'll look further into client complaints in the next chapter.

Put your ego on hold and work towards finding solutions to the problems the client perceives, because it's business, and you're a professional.

Let's take a look at some strategies for turning our fanged and hairy-palmed werewolf back into that nice client.

Listening to Learn

As we'll see in Chapter 12, dissatisfied clients give you a great opportunity because they're telling you what is wrong with your business and/or practices. They might be wrong, of course, but their perception is their reality.

It pays to listen; gather as much information as you can. You then have a basis on which to make your decisions. A savvy operator won't wait for the client to complain, but will seek out any issues that are upsetting the client. The client might be complaining about valid concerns that you need to fix; don't assume the client is complaining just for the fun of it. Often the pesky client won't even be complaining—as we saw above, there are many different ways to be pesky.

Dealing with the pesky client really does come down to managing expectation. Sure, it's difficult to satisfy some clients, but if there's a clear expectation of what is to be done by when and by whom, then the relationship is likely to be a whole lot easier. But with limited Internet understanding, the pesky client might get confused and not know exactly what you mean. Then they'll kick up an almighty fuss.

The key is starting off the relationship the right way—by professionally documenting everything so your client has a clear understanding of the expectations, of what will be done, and of what they need to do. When you start off with crystal-clear documentation, the pesky client is far less likely to rear their ugly head—and if they do, you'll be able to manage them much more easily.

Creating a Plan

A plan gives you a way forward. You need to develop a strategy to help you make a decision on whether to keep the client; and if you do decide to keep them, to develop a way to manage that client. How you make that decision is really quite simple.

First of all, it's important to acknowledge that you probably do want to work with this client if at all possible. It's business, and you want their money, their ongoing and repeat business, and their referral potential. It's a matter of weighing up where you are right now with your business and whether the risk of taking on and keeping the pesky client is worth the hassle. Obviously, if you're new and you can't afford to be as choosy as a longer-established business, the money is sometimes worth the risk.

You need to develop a way to manage the client effectively if you've perceived their potential to become a pesky client. Firstly, have a chat with the client with a view to understanding how they usually do business. This way, you can discover any issues they might

be dealing with that could end up having an impact on you. It could be simply a matter of asking, “John, we seem to be having some trouble ensuring prompt payment of our invoices—what can we do to make sure you get our invoices on time and into your payment system?”

This step allows you to document in advance the steps you’ll take to resolve the issues and behaviors you want to change. For instance, for the client who always needs everything done yesterday, you can anticipate the likelihood of their rushing in with a project and plan preemptive measures accordingly. “Karen, we seem to get a lot of last-minute rush jobs from you that need to be completed immediately. This requirement can have an impact on the quality of the work we provide you in our efforts to get it done. I’ve mapped out how we’ll manage your work in the future so we can complete it in a timely manner and at the highest quality. Firstly, you need to submit ... ”

As usual, it’s clear and precise communication that leads the way to an effective plan.

The Benefits of Keeping the Pesky Client

Research, and my own experience, tells me that turning a pesky client into a delighted client has many, many benefits.

Firstly, they’re much more likely to want your services again. That’s because you resolved their problem previously and there is less perceived risk in dealing with you. Another major benefit is that they’re much more likely to refer you to others if you’ve fixed their problems successfully—again, that’s because of the less perceived risk in dealing with you.

Also, imagine how powerful it would be if you can say to a potential client who has just asked for clients to contact to check up on you: “Call John Smith at ABC Industries. John and I had a few problems initially but resolved them to deliver a terrific solution. He’ll tell you that we don’t walk away from problems, we work hard to resolve them for the best result possible.”

I have used the previously disgruntled client as a contact for prospects many times, and it has worked exceptionally well. Everyone else gives happy clients as referees—it’s amazingly effective to offer a previously unhappy client as the referee and see the reaction of the prospect.

Solving Peskiness

Of course, not all clients can be managed with a one-size-fits-all solution. Let's have another look at the pesky clients we identified earlier and consider some ideas about how to handle them to turn them into what you want—a source of profit, referral, and growth for your business. As I've seen many times, just one client can make a huge difference to a business's long-term success.

Optimizing the Scope-creep Opportunity

The scope creeper we defined earlier represents both a danger and an enormous opportunity for your business. From the outset, you need to be positive and be firm, and this is one situation where close documentation and written, not just verbal, agreement is crucial. If you lack a watertight agreement document, these are the clients that'll always raise a cry of protest: "But I thought that was included."

When they come asking you to do that "little" bit extra, nip it in the bud right away—not by refusing, but by extending the work: "That's a good idea. It does fall outside the scope of our agreement, so there will be an extra charge of \$x and it will set the launch date back four days. Would you like us to proceed?"

That way, you put the ball in their court, and they have to make the decision; you've also given them an easy out with the time frame change. Once again, make sure you get every requested extension in writing and signed by them. You needn't rewrite the whole contract; just add any changes to a "modifications" section in the original document, including adjustments to cost and time frames, then have them re-sign the whole document.

Remember, if managed correctly, the scope-creep scenario can be a wonderful boon, as your client pays for the variances they request during the development process and you end up with a larger project and more remuneration.

Stirring No-decision into Action

The strategies that work on no-decision clients are a little different. This pesky client doesn't make a decision for a variety of reasons—it might be that they don't feel confident enough to make a decision, or maybe they fear losing their job if the web site turns out to be terrible.

Firstly, don't even start the job until you have your deposit. It may be a while before you see any action at all. Secondly, strong communication and documentation is the key, using these three strategies:

- time frame** Always have a clearly documented time frame for each of the site's developments.
- options** This is a good time to provide clear options, as they define clear paths to move down. Narrow the decisions you're asking them to make: "We've mocked up blue and green—which do you prefer?" is better than "Which color would you like here?"
- reassurance** To help move the client along, provide reassurance that your recommendations are the appropriate solutions. Remember, you're trying to reduce their risk: of losing their job, being demoted, not earning a bonus, and so on. So back up your reassurance with examples of previous projects, testimonials, and references.

Communicate very regularly with this type of client to keep them aware of the project and, most importantly, point out the benefits of a speedy development process; you might try an email along these lines:

Example 11.1. Email to a No-decision Client

Hello, Ms. Smith. I hope all is well. Let me know when those latest changes are approved, and we'll move on to the stage as documented. Sometimes our clients get a little busy and put the site development on the backburner—we're here to help and ready to go whenever you are.

I thought you might be interested in this clipping from XYZ Magazine. It shows that, in your industry, most customers research products prior to buying. As we know from our own initial marketing analysis, there are 1000 online searches for your flagship product every day—the marketing of the new site should attract 300 of those people per day. With your estimated sales conversion of 5%, that's 15 sales per day you're missing out on. We really need to get your site up and going!

This example is aimed straight where it hurts most: if there's one thing every businessperson hates, it's missing out on sales!

You need to make it clear to the client that the site needs to be developed to be completed quickly. Detail exactly what and how they need to provide the specifications and content of the site. Create a simple time frame of what will be completed by when and what their responsibilities are.



Don't Aim for the Top

I've found that employing the time frame and the pointing out of the benefits of the speedy development tactics to be most effective when the person I'm dealing with *isn't* the owner or CEO of the company.

I reason that this finding speaks volumes about the potential for negative fallout should the owner or manager find out the site could have been making sales, but hasn't because of delays caused by their staff.

As long as your agreement is in writing, and your respective roles are absolutely clear, then the web site can be achieved quickly and satisfactorily for all parties.

Reaching the Unavailable

The client who is far too busy to deal with trifling issues, such as the development of the company web site, is similar in many ways to the no-decision client.

While the strategy to move this client along is very similar to the one we use for the person reluctant to make a decision, this client can be more of a handful because they often don't value the potential of a great site and, by extension, what you are doing to create that site.

Your documentation has to include time frames, such as these:

May 1 Draft designs to be completed and presented for approval.

May 3 Feedback to be provided on draft designs.

May 10 Design provided with revisions made.

That way, you're covered when the project stalls because of the client's demands. Like I said earlier, someone's head has to roll if the project falls behind schedule—your client contact isn't going to tell their boss that *they're* to blame, are they? What we want is results in getting this project complete. The key is making it clear who is responsible for what. With that in mind, the above time frames might be better like this:

May 1 Draft designs to be completed and presented for approval—completed by ABC Design; emailed to John Smith, 28 April 2007.

May 3 Feedback to be provided on draft designs—John Smith to provide feedback from client team.

May 10 Copy for homepage to be provided—John Smith to provide this content via emailed Word document.

Once people see their responsibilities laid out clearly, along a time frame, then you've a far better chance of jolting their participation into action than if you attract merely non-committal "I'll get to it shortly" responses.

Resolving the Emergency

The emergency client, rushing in with a project they need done regardless of your existing obligations, is an easy decision. It boils down to this: don't allow this client to take over your resources for days at a time and compromise your care of existing clients.

Remember how I said in Chapter 4 that rewarded behavior will be repeated? This is what happens with these sort of clients: they rush in at the last minute with a project that just has to be completed immediately or disaster will ensue. So you help out, put in the extra hours, pull out all the stops, and do the job. You've just rewarded the client's behavior: they've gotten away with it, and will expect that level of service every time. The next time the client fails to plan—and it's usually a chronic condition—it becomes your problem. You shouldn't be surprised when the next "emergency" is dumped in your lap; after all, you've given every indication that it makes no difference to you or your business.

There's a couple of options for handling the emergency client:

- I suggested in the section called "Creating a Plan" the preemptive strike of documenting the steps you'll take to resolve the issues and behaviors you want to change before they become a problem. You'll usually have been bitten once or twice by the client by this stage, in order to recognize their capacity for poor planning and resultant emergency mode.

- The second option is a bit different. You charge like a wounded bull.

If it's a project for which you'd normally charge \$1,000 per day, charge \$2,000 a day instead. Charging a hefty enough premium means that you can, if you need, contract the project out and still make a good profit. Don't back down on price—explain that you'll need to draw on extra resources to meet this very challenging deadline.

The worst thing that can happen is the client will refuse—and, with any luck, learn a valuable lesson in timeliness—and you can return to providing the quality service your great clients know and love.

Treading Carefully with the MySpace Magician

As I said earlier, the budding web design genius who creates a site in a matter of hours, demanding nothing but extra pocket money, is a rising phenomenon in this age of weekend workshops. I've had it happen: a client proudly showed off her son's bright, blinky, awful mess of a MySpace page in the context of questioning what I had to offer. I had to smile politely and say, "That's just lovely. He has a real flair for web design," because it was a very valuable client.

Obviously, you don't criticize the ugly page to the proud relative. You say how great it looks, and remark that those seven animations really capture the eye. Then you get back to the needs analysis we covered in the section called "The Needs Analysis" in Chapter 5—and this is where you not-so-subtly demonstrate the difference between a web professional and a color-blind 15-year-old kid with a MySpace account and too much time on their hands.

Once you start reviewing browser compatibilities, screen resolutions, load times, conversion strategies, search engine optimization needs, copywriting, and the like, the client should soon appreciate that there is a little more to developing a successful site than meets the eye.

Taking Control of the Web Developer Expert

Most clients have a reasonably clear idea of how they want their web site to look and work. Many are keen to take a very active role in ensuring everything is just perfect. This is to your advantage, to a point, but being subjected to reviews on every single little piece of work you do is not always good news for you as the web developer.

The client who thinks they're a web developer capable of micromanaging every stage of the site development is an all-too-common beast. As we saw earlier, it happens a lot when there's a whole bunch of stakeholders putting in their two cents' worth.

You need to take control in this situation. It's your responsibility to have the client's complete vision documented in nitty-gritty detail, and agreed to in writing, before proceeding with any work. Document their specifications and goals, including tight time frames; how this will be achieved; and each party's responsibilities. Hold regular update meetings, bringing a clear understanding of what is to be discussed and who will be making the decisions regarding the project.

Without an absolutely crystal-clear vision, you could be going around in circles and developing for months with no end in sight. That's no good for you or the client.

Using General Strategies

In dealing with pesky clients, it's the documentation and direct, honest communication that is imperative in making your professional life a whole lot easier. Assertive and easy-to-understand documentation permits minimal confusion and is tremendously effective when dealing with pesky clients.

The majority of web developments turn sour largely because the project wasn't adequately documented, or wasn't documented at all. The last thing you want is a "he-said, she-said" scenario that leaves a bad taste in your mouth and results in an angry client.

We'll acknowledge in the next section that you don't want every client, and what to do in that case, but I'll repeat first that you don't want to give up too easily on pesky clients. Like we saw earlier, these pesky clients can be very beneficial due to their repeat business and increased likelihood to refer business your way. The value of a client for a web business can run into the hundreds of thousands of dollars. I've had a client who was a complete nightmare to start off with. The development of his site was forever stalled, he was never around to make decisions, and he micromanaged when he *was* around. I persevered, not because I'm any great saint but because I needed the money badly at the time.

That same client is now, some eight years later, a joy. It turns out that period of his life was a bit difficult as his business underwent huge growth. He recognized the value of the web site to his business and went to great lengths to make sure it what was he wanted. So his motivation was great; it's just that his methods were a bit frustrating. We've since completed four sites for that client, and they've been an absolute breeze, because he now trusts us completely and is comfortable to leave matters in our hands.

So a client, even a pesky client, can turn out to be extremely valuable.

Key Points

- Peskiness can often present terrific opportunities if handled correctly; use it to your advantage.
- Use clear communication at all times, create definite expectations of both parties, and document all you can.

Making the Decision to Cut a Client Loose

Even though there's many ways to deal with the pesky client in order to retain them for your business, it's very true that you don't want every client who calls you up.

If I'd figured that truth out years before I did, my business would have been a lot more profitable and easier to run from the outset. Like a lot of aspects, it's often only through hard experience that you figure out that you really don't want that client who causes a \$2,000 loss on the project, along with giving you an enormous headache. You'll likely have a natural reluctance to let them go, because you give them the benefit of the doubt way more than they deserve. You hang in there in spite of all the bad signs, just in case they end up paying their bill on time or bring in more work from their associates. You worry that they might badmouth you to other potential clients if you face up to them. Most of all, your ego becomes involved and won't allow you to admit defeat and gracefully withdraw.

But what if you're now at the point where you've taken into account what we've covered in this chapter? Let's say you've tried everything possible with this client. You've tried your best to move them forward from being a drain on your business to being an asset, but it hasn't worked. You're getting more stressed by the minute and it's costing you money. You're not getting important work done for top-quality clients, because you're distracted by the issues surrounding this one pesky client.

You come to the realization that the client simply has to go. You've seen the little red flags, conducted the risk assessment, and reported on how much of a negative influence the pesky client represents on your business. This conclusion has compelled you to move forward and make the big decision to cut them loose.

Using the "It's Not you, it's me" Line

Now's the time to make a break: make it carefully, with tact and with a humble demeanor, and it will minimize the pain of separation.

Go and see the client: nothing beats face-to-face communication. There are many nuances you simply cannot convey via email or over the telephone. Don't be afraid to go and see the client; it will help ensure that your communication is absolutely clear and understood.

You want the split to be amicable and easy. You want the client to see it for what it should be: a mutual understanding that the relationship isn't beneficial and would be better terminated. Think of when you were splitting up with an ex-partner. You know the

speech—“It’s not you, it’s me. I’ve changed, and I don’t think I’m worthy of you anymore”—and that’s the blueprint to use now! Here’s the version for splitting up with clients:

“You’ve been a terrific client, but the way our business has developed means we’re unable to adequately service you any more. Our skills have gone in a different direction and I think you’d be better off with another web developer. We want you to get the absolute best solutions, and don’t think we can offer that for you at this point. Here are the names of three local developers who will be able to help.”

Not Burning Bridges

What you don’t want to do is burn any bridges. You never, *never*, know when that ex-client—no matter how much of a pain they were—will become useful to your business.

There’s no benefit whatsoever in burning bridges and creating enemies. Sure, you might feel momentarily better if you tell the client what you really think of them, but that serves no purpose other than getting it off your chest. You’ll look entirely unprofessional, it’ll make a bad situation far worse, and it won’t stop there.

Ex-clients know other people; they talk to other people. The showdown they just had with an uppity web developer will prove to be a great topic of conversation for some time afterwards, likely being embellished as it goes. Conversely, if they feel that you treated them well despite ending your work together and there’s no hard feelings, there’s always the chance of their referring another client. We’ve been referred substantial clients from people with whom we’ve previously parted ways. Surprising, but if you can achieve a break that’s seen as an attempt to achieve a better result for the client, then there’s every hope they’ll hold you in high regard.



Don’t Tolerate Abuse

I’ve mentioned aggressive or abusive clients previously; we’ve had a couple of those over the years and we instantly cease the business relationship with these people.

They’re simply not worth the grief and pain that comes from being abused. No amount of profit is worth sacrificing a piece of yourself to someone who hasn’t the manners or social skills to articulate their problem in an appropriate way, no matter what the issue.

We’ll look at this point further in Chapter 12.

There’s always that temptation to reconsider dismissing a client because they represent what you’re in business for: money. Hold firm on your decisions and don’t back down!

Key Points

- ☞ When all else fails, fire a client with as much tact and sensitivity as possible. Don't burn bridges—you never know who the ex-client talks to, nor when they may provide unexpected assistance.
- ☞ Reject abusive clients immediately—there's no excuse for aggression.

Summary

Pesky clients can be an enormous drain on your resource. On the other side of the coin, they can prove to be a tremendous asset for your business if managed well. Client problems are common across any service industry, but you do have the potential to effectively deal with the pesky client and turn them into a delightful and delighted client.

Of course, avoiding pesky clients altogether is the ultimate goal: a commonality survey and risk assessment of the key indicators you identify provide the opportunity to do this. Difficult clients come in several shapes and forms, with many differing issues you need to deal with. It's important to listen to client issues to ensure your business is providing an appropriate level of service, and it's equally as important to develop detailed documents related to client transactions to maintain clear communication channels with your client.

Having a list of great clients is the key to building a successful business—removing pesky and unprofitable clients from your client list is equally as important. There will be times when the best you can do to ensure the long-term success of your business is to inform the client in the nicest possible way that you feel they might be better suited with another web developer.

Chapter 12

Handling 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, they can be bad, but they are there for every action you take. Moments of truth can have a profound effect on your business, and complaints have enormous significance, so we'll consider client complaints in this chapter.

It's odd, but not one of the businesses I've canvassed over the years has a set policy for dealing with complaints—not a single one. The usual response I gained was that the business would deal with complaints as they came in, in a case-by-case manner. Some business owners simply replied, “We don't receive many complaints.”

They don't? It's no great wonder! Just look at these statistics:

- 4% of dissatisfied clients complain
- 91% of dissatisfied clients won't do business with you again
- 80% of dissatisfied clients tell ten people
- 20% of dissatisfied clients tell 20 people¹

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

¹ “Consumer Complaint Handling in America: An Update Study,” Technical Assistance Research Program, White House Office of Consumer Affairs (Washington DC, 1986).

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, handle client complaints in the wrong way, and you might as well set money on fire. Learn to love clients who complain—they're giving you a wonderful opportunity to grow your business. In fact, go out and dig up as many complaints as you possibly can: 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!

Loving 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 complete nuisance. They're never happy; they're never satisfied; they should learn to appreciate you more. If that sounds like you, then lose the attitude! To build a successful and profitable business, you must come to appreciate complaints.

Complaining clients tell you where you're 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. Seeking out and identifying client complaints is one of the most profitable activities in which a business can engage. When clients complain, they're actually giving you an opportunity to keep their business—business you'd otherwise have lost, since the vast majority of dissatisfied clients will do business with you again if you resolve the complaint in their favor on the spot.

That's the beauty of complaints: if you deal with them properly, and actively seek and welcome complaints, then word quickly travels. 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, and exceed their expectations.

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

Now, you may be thinking that you've simply resolved a complaint; 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'll receive what they paid for. Importantly, they know that if there is the slightest problem, you'll fix it without delay. 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: it reduces the perceived risk for someone who's thinking of buying our services, and 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 be paid. Simple!

Considering 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.

Providing Distinctive Service

I'm a big advocate of making your business distinctive. You'll remember that we talked about building your own competitive edge in Chapter 7, and we saw how great service can really set you apart from the rest in Chapter 9. We saw that it's crucial to make your business unique so that people hear about it—after all, people can buy your service only if they're aware of it. Be known for unique things that are positive things.

Complaints are just another area of your business in which you can leverage your competitive advantage by providing excellent service. 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!

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, so the situation with services is very different. People are far more likely to be discontent with the value for money they receive, as 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, while 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, and 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.
- How you look determines 55%.
- Only 7% of the impression you make depends on what you say.²

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 Gallup Poll finding: 83% of those people surveyed identified their number-one reason for deciding not to return to a restaur-

² Albert Mehrabian, *Silent Messages* (Wadsworth Publishing Company, 1971).

ant as poor service. Not the food; not the price: the *service*. Likewise, a Washington Post survey found that almost half of all shoppers believe service is mediocre and becoming 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 jump into, because there's nothing more difficult than struggling to pay your bills *and* trying to generate new business. You don't have money for those ads or that mailout or that pay-per-click campaign. Generate some momentum in your business in terms of cashflow, and you'll find business so much easier as you'll have the time and energy to attract new clients.

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.

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

Dealing with Complaints

Now, your natural reaction might be to blow off complaints. You might feel defensive, maybe even hurt, when a client you like complains. You'll 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 to deal with the complaint quickly and in the very best of humor. After all, they're doing you a favor, indirect though it is—they're giving you a chance to rectify the

situation before they go off and tell 1,200 people about it, and they're presenting you with a tool for the continuous improvement of your business!

Covering the Complaints Checklist

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

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?"

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."

Apologize.

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

Offer a solution.

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

Get their agreement.

"Good, I'm so glad we can resolve this for you. I'll have them delivered to your business within the hour."

Fix the problem.

Deliver the widgets, and refund, within the hour.

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've handled this problem?"

As you might notice, the client's problem is fixed, and they receive the benefit of free widgets for complaining. It's the old rule of delighting your customer: don't do what you say you will, do more! Here's one of my own experiences of a customer complaint, and our resolution of it:

Example 12.1. Complaint Resolution

My last complaint was from the client who'd asked us to register a domain name. The domain name was registered, and everything was fine ... until he complained! His complaint was that, although he'd received the invoice and all the technical details about his new domain name, he'd received nothing to prove that we'd 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, although 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 offered the client several solution options to best meet his needs. Did he want:

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

Interestingly, the client opted for the signed certificate from us as proof of the domain name registration.

We designed a certification using Microsoft Publisher, printed it off, signed it, put it in a frame, 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 realized that clients might need reassurance that we have actually registered their domain: we simply hadn't thought of that before. We now provide this as an optional means by which we can advise them that their domain has been registered. Believe it or not, that easily obtained certificate provides our business with a point of differentiation.

Key Points

- Don't take complaints personally or be defensive. Thank the complainant, apologize, offer a solution, get their agreement to the solution, and fix the problem.
- Follow up to make sure that the complainant is happy with the resolution.
- Use complaints as ideas to improve your business.

Asking 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. So, ask for complaints—you need them.

Asking for complaints is better than responding to complaints only after some gutsy clients get up the nerve to voice their issues. 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?"

Don't just ask, "Are you happy with everything?" Ask specifically for a complaint: "Luis, we strive to provide the absolute best service we can. Can you think of any particular instance when you've thought an area of our service hasn't been absolutely satisfactory? 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." And ask it like you mean it!

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

Example 12.2. A Poster that Just Asks for Complaints

Thanks for your business!

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

If something wasn't right, *please let us know*.

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

Many businesses have customer service departments to deal with complaints, but that's not good enough—only 4% of people complain. You've got to 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.

Get out there and ask.

Saying Sorry

When do you say sorry? Whenever you should.

Let's assume that you've redirected your client's emails to the wrong email address, and 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 okay with you?"

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

A trend that's becoming all too widespread in business today is the philosophy of never saying sorry. The theory seems to be that to apologize is to admit liability, and being found liable can 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, apologize sincerely, fix it, and move on.

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

Telling a Client they're Wrong

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

So, what do you say to clients who believe they are 100% 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, just because they're the customer. We had a client recently who wanted his web site 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 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 they're wrong, never, ever argue with them. They're a precious part of your business. That's why I didn't say, "No, you're wrong and I'm right. That isn't the domain name, and that's all there is to it. You're wrong!" Instead, 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 assistance of 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.

Taking the Blame

One of our web businesses experienced a very large increase in orders over a two-week period. Our manufacturer couldn't keep up with demand and we had 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 canceled an order. Not one person complained. Hundreds wrote and thanked us. Our simple strategy was this: we wrote an email to our customers, all 1,000 of them. We told them that since 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 ... we're 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 wait, 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, 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'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. Our research shows that clients who complain, and whose complaints are satisfactorily resolved, are more loyal than those who never had a problem! As we've discussed, this effect is related to the perceived risk of dealing with you. Treat clients with respect and reason, and you'll receive the same treatment in return.

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

Failing to Satisfy Clients with your Design

A web site is different from any other product—it's a very subjective item.

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

Wrong. There's no such thing as good web site design: it *is* subjective. 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.

Dealing with the Client on the War Path

As I've mentioned before, it's quite an art form to identify what prospects will be like to deal with as clients. We want to work with people in a cooperative and receptive way so that we can provide them with the best care. Imagine a scenario where a client become very aggressive and adversarial. What then?

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. However, we simply won't deal with people who are abusive. We just tell those clients, "Your behavior is inappropriate and I refuse to enter any dialogue concerning these issues. I will send you a refund check tomorrow. Goodbye."

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. Negative people suck the energy out of you and your team and you'll start going backwards very quickly, as we saw in Chapter 11. You want to work with great people who pay well—don't accept anything less. This may not be the right strategy for everyone, but it's certainly the right strategy for me at this point in my business.

Indeed, business is about making money, and defusing aggressive clients so you can continue the business relationship can be a good way to maximize your income. However, there's more to my business than just money. 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.

If clients become aggressive, shouting and swearing, and they're no longer listening to you or behaving professionally, then it's time to make a decision. Do you want to work with these people? I would say no, not just due to 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.

Key Points

- Don't hesitate to apologize, do it sincerely, and protect your business's integrity, and reputation by going the extra mile to resolve the problem.
- When clients are wrong, break it to them gently.
- Closely consult with clients when developing a subjective item such as a web site, and educate them as to its value.
- Don't tolerate clients who become abusive and can't be managed professionally—cut them loose.

Summary

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

Don't look upon complaints as negative or destructive. Embrace every complaint and treat it for what it is—a fantastic opportunity to build your business. Treat with care 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.

Due to 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!

Chapter

13

Delighting your Clients

Remember the last time someone went that extra little step for you when you least anticipated it? Like the bar staff at your local watering-hole quietly giving you a round of beers on the house to acknowledge your years of loyal custom? Unexpected kindness is gratifying, especially when it's not requested, and you feel better-disposed towards the world in general as well as towards the "delighter."

This chapter deals with delight. Delight your client in little or large ways, and success will surely follow. This isn't rocket science, but you'd be surprised how often delighting the client is overlooked in everyday business. In this chapter, not only will we learn ways to delight, but we'll look at the positive outcomes that occur as a result.

My business, like any other, isn't always perfect, but it has provided me with a lot of personal experience in the joys of delighting clients—so I'll tell you all about what I've found over the years by way of illustration. Before we get to the anecdotes, though, let's start this chapter with an analogy everyone will understand.

Love at First Sight

Going through the sales process in web development is always an interesting exercise. At first, it's a lot like dating. Yes, *dating*—remember that?

It's first-date time. You shower, groom, preen, put on your coolest clothes. You make sure your teeth are clean; in fact, you even floss. You walk to your rendezvous with a skip in

your step and a song in your heart. You might be a bit nervous in that pleasurable, butterflies-in-the-stomach way. Think of the first date as the pitch meeting.

Then there's the second date. You feel a bit more relaxed and comfortable. You're still looking your best. You still spruce yourself up before meeting. That, in business terms, is when you find out whether you won the contract. In effect, it's where both parties think this relationship is really going somewhere. They say those fatal words: "You could be the one," and they present you with the 50% deposit check. It's becoming serious—you could be in for the long haul.

You've Lost that Loving Feeling

Once you've been together awhile, you stop calling each other three times a day—it's down to just one. You don't return calls quite so quickly. You run late for the odd meeting—you don't have time to shower first. It doesn't *really* matter.

Yes—this is the stage where you've finished the web site and been paid in full. You're now a "couple"—you've reached the equivalent of moving in together. Every now and then it feels right; you're comfortable with each other, like a pair of old shoes. You cook dinner, or fix those bugs, but only because you think it's expected. In business terms, you've lost that loving feeling. Now things become very interesting. You start thinking that it's about time your partner cooked for you. They seem to take what you do for granted. They never consider your feelings. It's just me, me, me all the time with them—where's the time for you? Why don't they ever consider your time and your feelings?

When the money is paid, there's less incentive to feel positive toward the client. Those previously welcome phone calls turn into you just dealing with their site's problems as they arise. You think you've finished the job, but the client rings up to point out some typos and moan about the hosting being down for four hours this morning. You wish you'd never become involved with that client and their site.

It all started out so rosy, but they've just turned into the usual annoying client!

Getting the Love Back

When you find yourself thinking that about your client, it's an indisputable sign that the issue lies with you.

Think of how you feel toward your client just before they sign the first check for you. Think of how you feel toward them when the last check has cleared and you've moved onto the next client. This is where it differs from dating, for most people, anyway—it's

just fine to have relationships with multiple clients! You don't want to lose your first client just because you've met someone else and won another contract.

Remember those lengthy phone calls you had when you were dating, where neither of you wanted to be the one to hang up first? Try something along the lines of those type of calls with your clients, especially your old, inactive clients.

It's Not Always About You

Call without an agenda, call without wanting anything specific, but *call*. This time, make it about them. I call clients up *especially* when I don't really need to; that way, the call isn't immediately about me and my needs. One tactic I always employ is to praise them for something.

"Hi David, saw your face in the paper today, pal. It's great what you've done with that campaign—well done."

"Hi Cath, haven't heard from you for a while, so I thought I'd call and say hello. The new marketing you're doing looks fantastic."

"Hello John, I just drove past your office—love the new signage. Looks brilliant."

Sure, I'm not overly creative with my calls, but that doesn't matter. It's about the client, and it's a contact—a non-selling, relationship-building contact. And it's relationships that build business.

Start taking notice today of how your clients talk on the phone: I'd be willing to guess they currently get straight down to business. Now try this: when you next call a client you know fairly well on business, don't tackle business immediately. Have a general chat. Shoot the breeze. Ask about their weekend, their kids, their hobby. You'll be able to hear the hesitation in their voice of not understanding why you're not talking business. If you call them, though, they're unlikely to say "What do you want?"

Play it by ear, obviously. If they're too busy to chat, tailor your friendliness accordingly. Take it one step at a time. If you've never asked them anything unrelated to your work before, they may be slightly disconcerted when you first try it, but take it slowly and they'll come round. Everyone will respond differently, but it's hard to predict their responses unless you try.

Try this strategy a few times with the same client and, within a few short weeks, your relationship with them will have taken a big step forward from you being just another

person trying to sell to them. The difference will be perceptible. In their eyes, you'll have become a real person, a nice person—the sort of person with whom they like to do business.

You've taken the first step in delighting your clients. The point of these friendly phone calls is to show the client that it's not always about you, it's not always about making an offer, and it's not always about trying to sell them something.

It's about doing something unexpected. The next step is making sure it's a pleasant surprise.

Lie, Bribe, and Steal your Way to Delighted Clients

I gave the keynote speech to 300 business students, lecturers, and administrators at an end-of-year awards ceremony in 2006. The theme of the speech was “Doing Business,” and I expanded upon aspects such as networking effectively, delighting prospects and clients, being remarkable, and the absolute importance of developing relationships with potentially useful businesspeople.

I told these students to **bribe** their way to success: “People want to be rewarded for dealing with you. People will reciprocate if you do nice things for them.”

I emphasized that they had to **lie** to succeed in business: “Never do what you say you are going to do—always do more.”

And I advised them to **steal** in business: “Draw inspiration from others. If you see a remarkable idea, look at what makes it so memorable and benchmark against that. You can use other people's ideas.”

Here are some of the ways in which I've seen bribing, lying, and cheating work as effectively as the purest virtues for everybody involved.

Bribery: Keep it Subtle

My 14-year-old son Jack has done some volunteer work for a charity bike ride I'm involved in—he helped me set up and maintain the ride's web site. He received a nice thank-you letter from the organizers of the ride when we first made the site live.

A small parcel with a letter arrived one day. The letter was from a guy who was tackling the ride for the first time. He'd written to thank Jack for putting all the information up on the web site—it had been a huge help to his preparation for the bike ride, and he wanted to express his gratitude. Included with the letter was one of those cool little cycling caps with the small peaks. Well, let me tell you: that cap hasn't left Jack's head since.

Upon the completion of the ride, Jack came along to the presentation night. Much to his surprise, he was called on stage during the evening and given a very warm round of applause and a gift for managing the ride's web site. Have a guess who, when we were walking out to the car, volunteered to develop the web site for the ride next year? You guessed it ... Jack Sinclair.

When you do something unexpected and generous and without expectation of receiving any benefit in return, that's when you seem to receive the most. Applied to business, as we'll see, this tactic is about engaging people so they feel like part of your team, just as Jack felt integral to the bike ride. Then people shift from being mere spectators to being involved in your success or failure. People don't want to fail, so they'll be more active in helping you succeed.

When you win a big award, you heap the praise on anyone but yourself in order to make others feel indispensable and responsible. You've heard the clichés: "The boys really played well out there and I was just lucky enough to get the benefit of the team working well. It was a great team effort." Engage your clients in your business and make them feel part of the company. That's when you have a delighted client and a strong advocate for your business.

Lying: a Key to Success

Before you get too upset, I don't mean *lie* when I advocate lying: I don't mean conceal. I just mean that it's best not to detail everything you're going to do for the client, because that spoils the charm and the surprise of what you need to do. By not telling the *whole* truth, you can exceed the expectations of your client.

Here's a tip: it's easier to exceed an expectation when the expectation is low. Did you know that over the last 30 years, the citizens of Denmark have scored higher than any other Western country on measures of life satisfaction? Do you know why? It's because they have lower expectations for the year to come, compared with most other nations.

If a client knows about the innovative plan you have for their site, then they'll have a high expectation. If they don't know, and you surprise them, you'll have exceeded their expectations. Simple enough, no?

So, to delight the client you don't really have to lie. You just have to keep your mouth shut and not boast about your excellent copy and semantic markup that will optimize their search engine rankings beyond their wildest dreams within weeks. Of course, there's a time and place for surprises. I'm not talking about the initial site development in this

context; obviously you'll need to provide an expectation there or you don't stand a chance of winning the job in the first place.

Surprise to Delight

So, we've found you need to *surprise* to delight. No news there—if you have any lingering doubts, test this one by organizing a surprise dinner out with your partner, or by giving them a gift voucher to the local bookshop, cinema, or driving range, depending on your accurate prediction of their tastes.

A biggie in delighting clients is paying attention to detail. One of the many hats I wear is as president of the local Scout troop. We give out certificates of appreciation to any person or organization that helps us out. Taped to the back of the framed certificate is an envelope with the words “Be Prepared” written on it. The envelope contains nails, picture hooks, tape, and an instruction sheet on how to find the best place to put a nail in a wall and how to hang a picture.

It would be impossible to understate the very positive impact that those tiny nails and picture hooks have—I know this sounds crazy, but the fact that we consider the recipient in providing nails, picture hooks, and instructions is more important than providing the certificate itself. It certainly attracts more comment!

If it's obvious that you've really thought about what you've done, your client will be delighted at the effort you've put in to anticipate their needs.

Stealing: the Good Kind

There's good stealing and there's bad stealing. It's bad to steal someone's car, laptop, or favorite mechanical pencil. It's good to steal, or be inspired by, the ideas of others and build upon them.

Here's one idea I stole that delighted a client of ours. I saw an interview with a pop singer on television here in Australia a few years ago. This person was the most boring interviewee I've ever seen. The poor interviewer was failing miserably to get anything other than a mumble from her. But at the end of the interview, he'd arranged for her to hug a koala.

A park ranger brought this koala onto the set, and the pop singer went crazy with joy. Now the interviewer couldn't shut her up! She was jumping around with excitement at the opportunity to hug this koala; she was calling her band up to stroke it; she was absolutely thrilled by the gesture and tremendously appreciative of the interviewer.

I remember thinking then, “What’s the equivalent of that koala for our clients? How could I make people go crazy with happiness like that?” It put me on permanent outlook for the equivalent of people’s koalas.

I found one client’s koala just the other day. This client has a 15-year-old son who wants to be a helicopter pilot. I just happen to have another client who has a major helicopter rescue service, and yet another client who has a rescue charter business.

I was speaking to the client with the helicopter-crazy son one day, and invited his family to my place for a barbecue lunch and a swim. I told him we’d be finished up about 4.00 p.m. if he had other things to do. My client turned up the next Saturday with his family, and that’s when I revealed that I’d lied. They had a choice: they could either stay in my backyard and eat my burnt sausages, or they could come on a private guided tour of the helicopter rescue facility and check out the two helicopters at close range. That adventure was to be followed by a 20-minute joyride in my third client’s Robinson R44 Raven II chopper. I thought my client’s son was going to faint away with the excitement of it all!

The impact of that gesture on my client was profound. I truly mean it when I say that I didn’t organize the treat to gain more work from the client—we’d basically completed our business. With a young fellow so keen on helicopters, and me with some great contacts, it would have been mean not to put the two together. It’s not always about business—but then it kind of is.

I wonder what would happen if I asked this client for a favor next week? Or if I told him I had a great idea for his site? Do you think he’d help me out or give me some time to chat? I think so. Likewise, now that the charity bike ride organizers have recognized my son, do you think I’m going to continue doing the web site for free? Of course—I’d get a lot of pressure from Jack to continue, even if I weren’t so inclined, and now I feel an obligation to help out. It’s the law of reciprocity.

Just as a key to delighting your clients is recognizing that it’s not all about you, it’s not all about your clients either. It can extend to their family and friends. We’re all social beings, most people adore their kids, and positive recognition from those nearest and dearest is a very significant force in most people’s lives.

Let’s take a look at how you can involve clients, as well as their loved ones, to help build your business.

Key Points

- Engage your clients in the running of your business to delight them and provide your business with an advocate.
- Exceed expectations by not promising them before they're completed—your unheralded delivery of excellence will delight your clients.
- Keep an eye open for opportunities to delight your clients in unexpected ways.

Positive Recognition

Think about this scenario. If you're a good client of mine, and I give you a \$200 discount on a project, you'd think that's okay, thank you kindly. But what if I took you and your daughter, who is at that ballet-mad age, to the Saturday matinée of the new *Giselle* production in town? After the performance, we have the program signed by the principal artist, and your little girl has her photo taken next to her. The cost is about \$200.

I know, and I'm sure you do too, which tactic is going to delight the client more effectively. Both tactics cost the same (at least in terms of money, if not weekend time—and in any case, a bit of culture never hurt anyone) but would have a very different effect upon the recipient.

Once again, this gesture impresses a significant other of the client, and thus someone who is a major influence on the client. It shows your attention to detail in considering what a client's child would really like, and so develops the personal relationship with the client effectively.

When you can involve a person near and dear to the client, the effectiveness of what you do is increased enormously—your client then receives the positive recognition of those they love. That's important, as it, to a degree, validates what your client does.

This is the very same reason that tickets to a show, restaurant vouchers for two, and food are such popular gifts or bonuses. It's because the recipient can share them. If a hardworking businessperson can take their partner out for dinner and a show with the compliments of a client, then that person is looking great on the home front. Trust me on this point—when in business, nothing is better than a supportive partner.

It's Not All About Gifts

Don't get me wrong from all that preceded. Delighting people isn't about gifts, or money, or chocolate. Far more important than those aspects is **recognition**.

We touched on this when we saw that generating positive recognition in the eyes of a client's significant other is important. You've probably read that most people state lack of recognition as the most common reason for leaving their current employer. Positive recognition is a very powerful force—and for something so powerful, it is terribly underutilized.

Our very first client is still a client today, some ten years on. Tracey is a wonderful person, not just because she pays us money, but because she's just one of those positive people who genuinely helps. It was Tracey's fortieth birthday not so long ago. I rang her at work on the day and wished her a happy birthday. That was all to the good, but nothing that would be out of the ordinary on a birthday. A few hours later, I had a bottle of Moët champagne delivered to her office. It was the Moët that made the difference.

Tracey's business has been a big part of our success. It's a family business and they've been incredibly supportive, very astute, and just downright kind. I remember she used to pay me with cash when I first started out, just so I'd have my money quicker—she knew about the cashflow issues of a small business! In fact, I'm fairly sure Tracey used to get me in for work just to make sure I had some money coming in and could keep the business going.

So one day I wrote her a letter and told her how thrilled we were to have her as a client and as a friend. I let her know how much we appreciated her referring friends, how important she was in our life, and in us being able to build a business. Because, and this is what a lot of businesspeople miss, your clients *can* be a tremendously important part of your life. We're all human. We all love a bit of attention. We all love recognition. We generally like people who like us. And, at the end of the day, we prefer to do business with people we like.

These strategies to delight clients may sound contrived or calculating, but look at them as nice things to do. Even more than that, look at these strategies as the *right* thing to do. I couldn't ever repay Tracey for what she's done for my business. Saying thanks with a letter, or a bottle of Moët, is the least I can do.

Delighting for Wider Recognition

As the existential riddle asks, if a tree falls in the forest and no one hears it, did it make a sound? If you achieve or accomplish something great and no one knows about it, is there any benefit to be gained? It's crucial to have your efforts noticed, and if more people notice than just your client, so much the better. Here's a couple of examples:

Example 13.1. Announcing the Donation

Speaking again of the charity bike ride I did, I was given a new bike for the trip by one of my clients, Roger, who owns a bike shop. Now, that's very nice of Roger, and I was very grateful, but my saying "thanks" doesn't do a lot for him all on its lonesome.

So here's what I did:

- I organized a piece in the local major newspaper about the donation—Roger received terrific coverage.
- In the photo used, I wore the very distinctive jersey that advertises Roger's shop.
- I announced the donation on my web site.
- I announced the donation on the official ride web site.
- I announced the donation on Roger's web site.
- I purchased the photo that appeared in the newspaper, had it framed, signed, and added a plaque telling of Roger's support. It's displayed in pride of place in his shop.

We generated great recognition and numerous sales for Roger—incredibly, even the photographer who came to take my picture for the article purchased two helmets! Roger was delighted, and I certainly didn't miss out on any credit, either.

Example 13.2. Leveraging the Interview

I recently took a call from a journalist for a major newspaper, who asked me if I knew of an expert on broadband issues. Apparently a new government policy had been announced and they needed an expert to discuss it on nationwide radio. I put the journalist onto a client of ours, who owns a franchise computer repair and maintenance business. After our client was interviewed on radio, I rang her with some ideas on how she might be able to leverage the interview for greatest recognition:

- Upload the interview to her own web site.
- Send out media releases to media outlets commenting on the issue discussed in the interview, citing the interview for credibility.
- Upload these media releases to her own web site.
- Do a direct mail campaign to existing and potential clients, detailing the broadband issues and providing comment—again, the client would mention the interview with the major media network.
- Send the media release to her franchise owners.

My client was delighted with that assistance, to say the least. Not only because she received huge initial coverage, but also because I showed her how to leverage that coverage to provide very significant recognition for her business.

This recognition was important: the whole aim of being in business is to generate profit, and profit is a whole lot easier to generate with recognition. After all, profit is what your client is after, and what your deepest motivation is to help them achieve. Now we'll look at how to make sure they *know* how you've provided for their success.

Key Points

- Involve other people in your strategies in order to gain positive recognition for your client.
- Make sure your client knows what you've done it for them. If no-one knows, it may as well not have happened.

Nothing Succeeds Like Success

This leads me to *the* best way to delight every client: success.

Your client wants success: that's the bottom line. Nothing would delight them more than to generate more business from their web site than they can handle. However, this one isn't as simple to manage as you might think.

Not only do you want the client to be successful, but you want them to know that you're the one who lifted them high on your shoulders so they could reach for the stars! I've seen it happen a few times: the client is standing on your shoulders, busy reaching for those stars, when they decide they don't need you any more—the site's up, reeling in their clients for them, and your work is done!

We'll now look at ways to manage your client's success while protecting your own position, so that the client remains aware of your significant contribution to their success and you're recognized appropriately.

Defining Success

We discussed earlier in Chapter 5 how we need to quantify everything we can for a client, in order to give us the best chance at a sale. What I suggested was best demonstrating your expertise by quantifying your work—for example, quantifying that a top Google ranking will result in 1,000 visitors per month, which will in turn result in 80 sales at \$x, and so on. Most web development firms don't think of quantifying their work, which gives you a good advantage. Sometimes, though, your quantifying may create a rod for your own back, and we'll look at this now.

In quantifying, you've created an expectation. Sure, you were the only one to create that expectation, but now that you have, you'd better perform well! Let's say you reach the goal of 80 sales per month—you may have done sensationally well to achieve what you've done, but in the client's eyes, you're only doing okay, as expected. Unfortunately, all that's important is the client's perception.

At the earliest stage, if you didn't do it pre-project, work out some attainable goals in consultation with the client. Then work out some goals that would constitute terrific success. Now work out a goal that would constitute dazzling success. Now you need to tie in your remuneration to results as best you can. If you can't (and it is often difficult to do), then ensure that the client clearly understands the value of the dazzling success should you achieve it.

Success is Relative

Remember that success for some clients may mean something completely different to what you see as success. One example I see often is when the client wants to rank high in Google for a completely uncompetitive key phrase like **laurieton computer store**. Give me two weeks, and they'll be number one.

The client sees that as a tremendous achievement, whereas I know it's a piece of cake simply because no one searches for **laurieton computer store**. But of course I *don't* say, "Sure, that's a piece of cake. No one searches for that term, so no sites are optimized for it." I say, "We hope to achieve that result within two weeks. Would you see that as a successful outcome?"

Of course they would. However, we also educate the client to ensure that they know exactly what reaching that ranking will achieve for their business. In the case of **laurieton computer store**, a sky-high ranking still isn't likely to produce the most dazzling click-throughs and sales.

On the flip side, we've had clients who want to be number one in Google for **Viagra** within two weeks. Assess what the client wants—and then achieve it for them *if possible*.

Undervaluing your Talent

Undervaluing your talent is something you really don't want the client to do. If the client doesn't understand the value of the service you provide, a situation can turn ugly.

We once developed, from scratch, a site for a client that was reaping close to \$25,000 in sales per day—with a profit of near enough to \$10,000 per day—after just eight weeks. We were being paid based on performance, so all was good in my world—for a while.

You see, the client had watched us do what we do from the very start, and arrived at her own conclusions about how very easy it all was.

- Just get someone to design a web site.
- Get a web host.
- Do this easy searching engine optimization, or whatever it's called.
- Appear at the top of the rankings within a few weeks.
- Buy some Pay Per Click Ads from Yahoo (as a client once said to me).
- Watch the money roll in.

Why was she paying me a fat percentage when it was quite clear I was a jackass who knew next to nothing? She hadn't seen the programming work behind the scenes, the agonizing over every word of copy on the site, or the torturous debates about the placement of the cart's **Buy** button. Nor had she seen the thousands more itty-bitty details that constitute successful web development. So she decided to cut me loose.

I figured out then that I needed to make my work look harder. Finding a quality web developer is very difficult for a lot of people, and I think many of us, in all modesty, take our own developing talents for granted. What we do is easy for us, but not for anyone else.

What we need more of is the deep, thoughtful poses and chin stroking worthy of a high priest of web development. We need to exhibit more meaningful single-eyebrow raises and nods toward the computer screen. There should be long tense silences, and even

longer words when we do impart our wisdom. We shouldn't try to explain the Web to clients—instead, maybe we should confuse them more, or even scare them!

“Houston, we have a problem. This web site appears to be running a node 947b2 screen pixel consistent only with a 9909 integrated sound byte HDL in blue. I don't think anyone in the world can save this beauty—except for me. Stand back, it could blow at any minute!”

Okay, maybe we shouldn't go quite that far, but the point remains: don't undervalue your skills, and definitely don't let the client undervalue them.

Measuring Success

Measuring your success can be done a number of ways. As we mentioned before, quantifying the web performance using a range of metrics is easy and usually the best way to go, but don't forget the value of the less obvious aspects that provide value to your client.

A top ranking in Google for the appropriate search term doesn't only provide visitors and sales to a site. Research also shows terrific branding benefits and an increased likelihood to buy from that site compared to those in even slightly lower positions. So not only are you generating sales now, but you're generating even more sales in the future.

Predictions such as these are more difficult to quantify, but you must try. At the very least, you must let the client know you understand the value you are providing to them.

Reporting Success

You'll remember the old philosophical riddle I quoted earlier, in the section called “Delighting for Wider Recognition”—like the falling tree, if no one hears about it, it may as well not have happened.

Seeing great results emerge from work you've done is not the time to be shy and hide your light under a bushel. It's vital to keep your client aware of your contribution to their success. Here's part of an email I wrote to a client recently:

Example 13.3. Quantifying Email to Client (excerpt)

We've just completed a quick review of your site, and have discovered some excellent increases—our knowledge has really paid off.

Not a single key phrase has decreased its ranking. We are thrilled with the results so far, and have smashed through our three-month goal in only six weeks.

We appreciate your support in achieving these results—to make the changes required and facilitate the other work has been essential to this outcome.

While that email quantified some search engine increases, it didn't quantify in terms of sales achieved. It could have, though—all we'd need to look at is:

- ✦ visitor number increases
- ✦ usual conversion rates
- ✦ average sales amount

With a bit of simple calculation, we'd have the gross increase in revenue that our search engine ranking increases achieved. However, you can't always quantify the benefit of what you have achieved for the client. Does that matter? Of course not.

You should be reporting whatever the client *wants* you to report—and then some more. Obviously, you need to establish what is important to the client and what information they require. Then report other positive news, and sprinkle in some negative news as well. When you report any negative news, you need to provide solutions to the problem that it exposes, perhaps providing yourself with more work in the process. For instance, if you tell your client that their main competitor has implemented some neat tools on their web site that provide great information for visitors, you might suggest that your client develops the same or better tools for their site—and provide some ideas on how you might go about this if it were requested, along with a quote.

Reporting should be an exercise in delighting your clients; and once again, you can only win too. By showing your client the great results your work has achieved, it also provides an opportunity for you to assist them even more.

Summary

Business really is just like dating. Maybe it's not returning calls as quickly as before, maybe it's not jumping to answer their emails as fast. However it manifests itself, losing that loving feeling doesn't help you to keep that client and grow your business.

In this chapter on delighting your clients, we saw that it's really very simple. Start paying attention to them, show interest in them and anticipate their needs and desires, and help them look good in the eyes of important others—customers, partners, children. I provided some examples of what I've done over the years, and they're strategies that anyone can apply.

I advised you to bribe, lie, and steal your way into your client's good graces, and I wasn't really joking. Bribe them with unexpected favors to ensure their allegiance, withhold some of the truth to exceed their expectations, and steal the ideas of others to anticipate ways to delight your client.

But remember: absolutely nothing succeeds like success. You have to make sure that the client understands that what you have done has been successful for their business. That means measuring and reporting on your great work. If the client doesn't know what you've done has been successful, then it didn't (in their eyes) happen.

This chapter brings Part III to its conclusion. You've seen how to run your business successfully, and this you can continue to do forever, if you like—but what about looking towards its growth? We'll discover this in Chapter 14, and will look at making it even bigger in the following chapters. Let's go!

The Web Design Business Kit



Chapter 14

Making Repeat, Add-on, and Large Sales

I'm here to tell you that building your business up to be a viable enterprise is hard—very hard. You'll work long, difficult hours. You'll gradually build a client list. You'll overcome many obstacles. Then, once you've overcome the initial hurdles involved in setting up and are established, you need to nurture your business. The motto for business survival is basically *grow, or die*.

This chapter deals with the fact that there's no better way to grow your business than by selling services and products to your current clients. The advantages of this course of action are numerous, but the big two are:

- ☛ These clients don't cost you nearly as much to find as do new customers.
- ☛ They are far, far more likely to buy from you than anyone else.

I'll relate a real-life example of how one of our clients has given us repeat business. You'll also find out why repeat buyers are your most profitable. Then there are add-on sales: these turn a small client into a big client, they make you great money, and as such, they really are the cream of the crop. In this chapter, I'll show you exactly how and when to make a pitch for add-on sales. It's a simple technique that can double the value of your clients—even before you finish the job you're currently doing for them!

We'll also look at expanding sales by selling to bigger clients. I'll explain how you can meet, pitch, and successfully sell to larger clients—and make greater profits in the process.

Let's explore the importance of repeat and add-on sales. You're about to learn big secrets to growing your business!

Repeating Sales

Just about every bit of research I've ever seen on the way companies generate business lists repeat buyers at the top. If your service or product is half-decent, people will buy from you again and again. The reasons for this vary, but at the very least, they include:

- These customers already know you.
 - They know what you sell.
 - They know how to contact you.
 - They perceive a reduced risk in buying from you.

Convenience has a significant influence on the buying decisions people make. It's convenient to deal with people whom you already know. It is convenient to deal with people when you know exactly what they sell. It is convenient to deal with people when you know how to get in touch with them. Convenience is why the majority of small businesses conduct the majority of their buying and selling within about 20 miles of their location.

The biggest thing to remember about repeat sales is that they're not likely to just fall into your lap. Keep in contact with all of your clients, let them know what you are doing, tell them about your great success. Do whatever it is you have to do to keep your brand in their consciousness—make your company their first port of call when they're ready to buy again. Remember this point, though, above all else: *Your clients will usually not buy from you until you make them an offer.*

Here's an example of the impact of repeat and add-on sales. This is just one of numerous examples I could use. Repeat sales happen ... well, repeatedly.

Example 14.1. How's your Multiplication?

I pitched a web site to a prospect back in 2000. He said, "Brendon, you're the man! Go ahead with it." This web site was worth just over \$6,000 to my business at the time.

We developed the site and, nearing completion of the job, recommended some additions to the site that we had identified as being potentially useful. Those add-on sales were worth an extra \$1,000. The client then also agreed to use our preferred host, which meant another \$100 profit for us. Upon completion of the site, we made a pitch for its ongoing

management. This involved editing, updating, and some search engine optimization, and totaled an additional \$2,400 a year.

The web site enjoyed success and, over the next year, the client had us complete an additional \$800 worth of work. Then, the client sold the business.

Just six months later, that client purchased another business. He had us in for a pitch, we won the job, and developed the site for just under \$5,000. Again, he agreed to our preferred host, and we were contracted to carry out the ongoing maintenance of the site. Then, he needed us to recommend a newsletter script and install it for him. Then, a database for his products. The last thing we built for him was a photo gallery. That all adds up to over \$15,000 in business, resulting from an original sale of a \$6,000 site, and that \$15,000 continues to grow by the day.

Wait, there's more! The person who purchased my client's original business has since had the site redesigned by us, constituting another repeat purchase. He's also continued with the monthly maintenance contract. This client owns another business in the same industry, for which—you guessed it—we've built a site, and now provide monthly maintenance.

Altogether, the business from that one sale of a single web site has generated more than \$30,000 for us, considering the maintenance fees alone are now over \$7,000 each year. A good bit of that is solid profit—and all from clients I didn't have to kick and scream to win!

The Key to Repeat Sales

Although it sounds as if these repeat sales just fell into our lap, they didn't. The key to really optimizing your repeat sales is to remember that clients usually don't know what they want.

Don't expect clients to say to you, "Hey, we need an email newsletter for our site to keep in contact with our clients and get them to buy more of our products. Our research shows that sites with email newsletters are more profitable than sites without. I'd like you to configure the ABC email newsletter script for us. Can you do that?" This, I can assure you, is fantasy—it's never going to happen. Clients will generally sit in blissful ignorance until *you* start the dialogue; for example: "Have we got a great idea for you! Our research and experience shows us that if we put an email newsletter script on your site, you'll make more sales, your clients will think you're more professional, and it will significantly

increase traffic to your web site.” If you can quantify those benefits, you’ll almost certainly make the sale.

One of the sites we manage makes between \$8,000 and \$17,000 every time the newsletter we suggested is sent. Another client’s site gains an increase of 3,000 visitors to their site in the two days following the newsletter distribution. As these customers sell advertising on their site, the newsletter also helps them generate additional revenue, quite apart from the increase in product sales.

The importance of repeat sales is the major reason that I continually push the value of regular client contact. If you’re in regular contact with your clients, they’ll be more receptive to repeat sales—mainly because you’re in an excellent position to make them an offer. Compare the person who keeps in contact with their client every four weeks with the person who never contacts the client again once the sale has been made. If you contact them once in a blue moon and say, “Hey! Buy this stats package!” your clients won’t trust you, and they won’t buy from you. However, if you very consistently keep in contact with your client, they’ll see any sales attempts as part of your ongoing commitment to provide them with the very best service.

I often consult to clients who are desperately trying to attract new customers in an effort to stay afloat. My advice is always the same: make an offer to your previous customers and see if they would like to buy again. In many cases (I estimate 95%), these clients don’t have a record of their customers’ details, or, if they do, the details aren’t in a usable format.

Recently, a local telemarketing firm that sold discounted resort holidays sought my advice on how to increase their conversion of calls to sales. Now, because telemarketers usually work from an unqualified list, such as the telephone book, they could be asking a 90-year-old grandmother if she would like to buy a holiday at an upscale resort catering to the 30–40-year-old market—not a great chance of a sale there.

The more qualified buyers are, the more likely they are to buy—we covered this earlier, in Chapter 8. So to continue the example, who *is* the best, most qualified buyer for a resort holiday? Who fits the criteria for income, personal attributes, family situation, location, and all the rest? The most qualified person to buy a holiday at a resort is a previous guest! So my telemarketing client worked the list provided by the resort, and sales went through the roof. Simple.

Don’t sit back and wait for the repeat business. Repeat business might come your way; then again, it might not. Get out there, and get that business for sure. Repeat sales will

happen because the clients already know you: keep in contact so they keep knowing you. And don't be shy: *ask* clients for repeat business.

Key Points

Keep in contact with clients for whom you've completed projects, retaining their trust.

Be on the lookout for new technological developments you can pitch to your clients.

Don't wait for them to come to you with repeat sales—make them an offer.

Add-on Sales

We talked about add-on sales briefly in Chapter 4, where we saw how add-ons can be a great way to get your business rolling. Now, let's look in more depth at the value your business can gain from add-on sales, and explore the finer points of making successful pitches for add-on services.

I guess you could define add-on sales as repeat business, but for the purposes of this kit we'll define them as additions to your main service. My main service is web development, so the kinds of services that I view as add-ons include:

- statistics programs
- search engine optimization
- web site editing
- web site maintenance
- hosting
- shopping cart setup
- domain name registration
- web site copywriting
- newsletter subscription program
- newsletter editing program
- monthly reports
- scripts
- chat forums
- virus protection
- regular site backups
- on-site advertising sales

Now here's the thing about add-on sales; they can be the best and biggest part of your web business, irrespective of what you define as your main service. Our ongoing web site management contracts are far more profitable for us than are those for the actual site design. The maintenance agreements take up far less time. They're the bread-and-butter foundation of our business.

Add-on sales can be made at any time. At the start of the design, at the end, three months later, six months later—it doesn't matter. In these fast-changing times, there are always new technologies that lend themselves to add-on sales: consider the rise of such technologies as YouTube videos, social networks marketing, and the use of online audio. With the incredible pace of technological change, what cannot be done today may be possible tomorrow. Who knows what will be possible six months down the track? There are also changes to industry, economic conditions, and general business to take into account. All of these factors lead to the ongoing possibility for add-on sales, and any time is the right time to make another sale.

When should you make a pitch for add-on sales? Do you have to pick the perfect time? Do you just wait in the wings for the client to express a need, and then provide a solution? Not at all. With add-on sales, it's up to you to suggest site or service improvements. You must educate clients in such a way that they recognize the excellent sense your pitch makes when you present it.

Remember, the client likely doesn't keep up to date with all of the web issues like you do.

Any Time's a Good Time to Add On

With our site design work, we always recommend something extra for clients before we even finish the initial project. It's the perfect time to make a recommendation. You're in constant contact with clients. You've identified additional features that would benefit the site as you've progressed through the development process. The clients have spent a lot of money on their web site—they want it to be the best. If you recommend something that will make the site work even more effectively (based on your ongoing review), they'll almost certainly agree to it.

And at the end of the project? Well, again, the clients have spent a good deal of money on their web site. What's next? They don't want their new business asset to sit there doing nothing. It's you who has the credibility to educate your clients on what to do next.

A site must be three things: entertaining, informative, and ever-changing. Clients aren't generally in a position to perform the upkeep on their site—even clients we provide content management systems (CMS) for rarely update their own site. Just 10% of our clients with a CMS update their site at all. It's a specialized field, requiring specialized skills and equipment. Educate clients on those skills and equipment. Enhance the perceived value of what you can provide. Then, make an offer!

A web site needs to be updated regularly—very regularly. For some of my own clients, daily updates are a necessity. As technology improves, the number of viable options for different web site solutions increases. An example might be a mailing script for a web site, or marketing effectiveness changes; a major search engine might change its rankings system, for example.

Web development work is the perfect business for add-on sales—there are so many extra services to sell.

The "Right" Time to Sell Additional Tools or Functionality

Here's an example of a simple sale we'll make:

Example 14.2. Resort Report

A recent marketing industry magazine caught my eye, with research showing that 16% of Internet users in this country above the age of 14 had booked a holiday online within the last 12 months. The research also mentioned that as many as 90% of holiday destinations are found through a search engine.

We sent a fax off to all our resort clients explaining that information. What do you think will happen when I ring them all in four weeks' time with an offer for increased online search engine optimization marketing? I may well make a sale, if not several—given that we have quite a number of resort clients, the final dollar figure of these sales could be substantial.

That's a perfect example of how to make an add-on sale: keep your ears and eyes open and educate your client on aspects that may help their business.

The "Right" Time to Sell Site Maintenance

When it comes to selling ongoing web site maintenance and management, we never give clients a maintenance proposal or quote when we provide the initial web site design

proposal. Instead, we gain their agreement that a web site needs regular updating and marketing, but say, “We’ll provide a proposal for that later, based on how your site develops, and what we identify, on an ongoing basis, as the best solution for you.”

We take this approach for a couple of reasons:

❖ It’s true.

It just about guarantees that whatever quote we provide will be accepted.

The clients have already agreed that what we have just proposed makes sense. They’ve also agreed that the ongoing maintenance proposal and quote is better left until later. Now, towards the end of the site’s development phase, the clients become excited. The site’s looking good, they’ve told their families and friends how great it is, and they’ve explained to their staff what a great business asset the site will be. They’re committed, emotionally as well as financially; they don’t want the site to flop. It would be a financial and emotional failure—and I don’t know which of those is the bigger motivator. I’d guess, for many clients, that it would be the sense of failure, rather than the financial loss.

Add-on sales are easy if your main focus is on providing the best for your clients. Clients’ problems are continually changing—and they need someone to assist with each new hurdle that arises. They need you to sell them solutions. When you offer sound solutions to their problems, your clients will love you.

Increasing Add-on Sales by Bundling Services

One way we’ve found to achieve more add-on sales is to develop a bundle of solutions for our clients. When we offer add-on sales, we always try to bundle them up; we also provide bundling options and a volume discount as an incentive to get the clients to buy now. With my resort clients, for example, we might bundle up an email newsletter script, search engine optimization services, and the regular updating of resort rates as a solution to their particular problems.

If we provide that bundle at a rate that’s lower than what we’d charge if they bought all the services individually, clients will generally be eager to buy. And why not? Whatever we recommend is an excellent solution to the clients’ problems. They have a problem, we recommend a solution, they’ve dealt with us before, and they trust us. It’s an almost-certain sale.

Once the email newsletter has been sent a few times, we might then sell the clients an extra page or two for their web site, on which the email newsletters can be archived. After

all, they wouldn't want to lose all the work they put into creating the email newsletter, would they?

Our add-on sales produce more profit than anything else we do. They may not generate as much gross income, but the net profit is substantially more. A few years ago, we looked seriously at changing the business model of the web development side of the business from premium pricing to producing template sites extremely cheaply and in high volumes. We thought that this way, we'd generate significantly more profits from the ongoing maintenance contracts. We didn't end up going through with it, but that model could work well for the right business.

In the web development industry, many of the add-ons you can sell represent a normal progression for clients. Editing, of course; marketing; search engine submission; adding links to pages; updating content. They all make sense as the clients' site—and related business—develops. Can you produce a menu of services for your clients to buy? How about search engine work, statistics reports, site editing, scanning of images? The list goes on.

Delivering Extra Services

What if you're no good at web site marketing, or it simply bores you silly? After all, you don't want to be doing work you hate, or are no good at. Where's the fun in that? There is an easy answer that means you can keep clients happy, provide a great solution, and make a profit: outsource.

Don't be afraid to outsource services. Search engine optimization, as an example, is an excellent candidate for outsourcing. Search engine optimization is a science within itself, and it may be best if you have the site optimized by a specialist. But don't hand over your clients—always keep control of the account. It's perfectly ethical and appropriate for you to charge your clients the cost of the outsourced work, plus a margin for your trouble. The clients are having the work supervised by someone they trust and respect, and will feel very confident. You take the risk, so you should enjoy some of the reward. You pay the search engine optimization provider, and everyone is happy!

This is called **leveraging**. We'll talk more about leveraging a little later, and discuss outsourcing in great detail in Chapter 18, but I want to mention here that if you can leverage your business, it'll grow. Leveraging is one of the fundamental basics of expanding your business.

Making the Add-on Sale

One of the big failures of web businesses trying to sell add-ons is that they don't go in hard enough.

We have a client who, when he originally came to us for web marketing services, had no statistical analysis software on his site. One of my team reviewed various solutions for this client and told me she was going to give him the choice of three excellent packages. They varied in price and features, so she was sure he'd be happy. If she'd made the pitch on that basis, we may have made the sale, but the client would have soon been looking elsewhere for assistance with his marketing.

The client isn't asking you to assemble a range of choices for him. They want a solution. They want your best recommendation because you're the expert. They want someone to make a decision and they want that someone to be you. "We have reviewed in great detail every major web site statistics package over the past week. Taking into account your wants and needs, your budget, and various other technical factors, I highly recommend the XYZ Stats Magic package. This package meets all our criteria and then some, and is the best solution without question. We'll put this stats package onto the site for you today. Are you happy with that?"

Don't be shy when you offer an add-on. You've done the research, and you know you're the expert. You're offering this add-on only because you know it will benefit the customer. Make this apparent when you deliver the pitch, and the customer will see clearly that what you've suggested is the right path.

Example 14.3. Add On? No Thanks!

This is one of the few times I've had a client decline an add-on sale.

We'd completed numerous sites for a client in the past, and carried out the usual pitch for the client's latest job. We won the work. Excellent! Now, about halfway through the site design, we read some interesting research about the web sites of companies within the client's industry. This research showed that the implementation of a tell-a-friend script was extremely effective, and delivered significant benefits to the sites' owners. Considering the substantial benefit, we decided to let our client know about the research, and presented a proposal to configure a tell-a-friend script on their site. After a day or two, my client got back to me with the answer: "No."

As usual, I asked, “Why not?”

The reason was that the site budget was at its limit, and the client simply could not provide additional money for the extra functionality. So, I gave the client the tell-a-friend script for free.

The reasoning is simple. Every single recommendation we make to a client is based on an absolute, rock-solid belief that it represents the best solution for a problem the client faces; it’s not just about making ourselves money. The tell-a-friend script is one such recommendation. Although it was outside the client’s budget, I feel that the benefits to us over the long term will more than compensate for the expense of the freebie, based on our history with this client. I told the client we very genuinely believed that he needed the script. I then told him that, because of the potential benefit, we would provide the script for free. We wouldn’t want him to miss out on the benefit just because he hadn’t the budget at the time.

Will the clients take advantage of us and cry poor when we next do a job? I don’t think so. We’ve worked with these clients for years, and know they’re a very ethical and decent bunch. We’ve shown that we’re part of the team, and that we’re there to serve the business’s best interests, not our own. The client, not surprisingly, was delighted, and our close business relationship has strengthened because of it.

Key Points

- The needs of your clients are continually changing—keep them up to date with solutions.
- Make an add-on sales recommendation before you finish the project you’re currently working on for the client.
- Outsource the add-on work if you need to—leverage your client base.

Upselling: is it for You?

Obviously, you can grow your sales in a number of ways. Repeats and add-on sales are two excellent ways to do it. **Upselling** is another great opportunity to increase sales, and should be a well-honed skill in your repertoire.

Upselling is a simple concept: here’s how it works. A prospect asks you about a \$500 web site. You assess their needs, and sell them something that’s different than what they ori-

ginally thought was needed—something that costs more. Being the decent web developer that you are, you might even down-sell on occasions. Remember, it's all about giving the client the best solution—and in many cases, the client will have no idea what the best solution would be. It's up to you to provide the best solution; after all, you're the expert.

Let's just clarify one point before going any further: you may occasionally read in the paper a report on the prosecution of a local appliance/car/computer dealer for false advertising. These businesses advertise a fabulous latest model washing machine, normally valued at \$1,000, for just \$200. The crowds rush in, only to be told by a smiling salesperson that all of those specials have already been sold! But, with his white teeth still gleaming, he offers them a wonderful deal on another washing machine. This one is usually \$900, but to help them over their disappointment on missing out on the “special,” he can let them have it for just \$800! What a deal! What a bargain!

What he's performed is a form of upselling. When he's prosecuted for it, however, it's called “bait and switch.” The salesperson baits you with a \$200 washing machine, and you end up walking out with an \$800 machine. Now that's upselling! The difference is that this tactic is illegal in most countries.

Now, I would never advocate advertising a super-low web site when you have no intention of providing the client with one. That's just another bait and switch. However, when you generate a lead, you need to establish fully that prospect's needs, and have them recognize that your solution provides the best value for money. Generally, the amount of money may be more than the prospect originally intended on spending. That's fine, as long as you are providing the best solution for your client.

Upselling in Practice

We upsell many of our clients.

When I think in terms of add-on sales in particular, clients almost always spend more than they originally anticipated, although this may be result from their not knowing what the true market values are, rather than our actively upselling them.

A few years back, I drew a line in the sand and made a conscious decision not to take on web sites under a certain price point. We wanted to take our business to another level, and decided that higher-paying clients were the way to get there. Initially, it was difficult to maintain that focus. A prospect would walk through the door and, in our determination to ensure we won the job, price would be viewed as a major factor in the pitch.

Regardless, we'd stay tough, and upsell the prospects to a solution that better met their needs, despite the budget being far above what was anticipated. More often than not, we made the sale. We stuck with our new policy, and it's one of the best things we've ever done for the business.

Recently, a prospect came in to discuss a new site he wanted. The site would sell a book he distributed. "I just want three or four pages and a little shopping cart," he told me. Now, we decided not to put a proposal together to meet this request, for two main reasons:

It wouldn't be the best solution for the client.

In order that our business might remain commercially viable, our quote for those four pages would be beyond his budget.

Our experience shows that the prospect will need at least four pages for privacy, security, postage explanation, and customer care alone. These pages will link from his web shop, which will, of course, require more pages again. What we did was upsell the prospect. By asking the right questions and guiding the prospect in the right direction, we were able to educate him on the value and possible benefits of a larger and more sophisticated web site.

The important consideration here is that upselling isn't simply a matter of pushing prospects to buy something they don't want. But you can, and you should, sell prospects something that, as you've demonstrated, represents a better solution for them. It always comes back to establishing the clients' wants and needs, and providing the best solution. Quite often that solution may be an upsell on the services they originally thought they wanted. You're the expert—recommend the best solutions to meet the clients' needs.

How to Catch a Big Fish

It stands to reason that the bigger the business, the bigger their marketing budget. Not only do big businesses have to reach more people, but they also have a greater need for branding, and a better understanding of the importance of a quality image via an impressive web site than do their smaller counterparts.

How do you catch a big fish? You may be thinking that, first of all, you need to have the right bait, in the shape of the ability to provide an appropriate level of service or product, at the right price and within the right time frame. Sure you do, but that's not all. To catch a big fish, you need to cast your line where the big fish dwell.

You can land big clients only if you deal with people who can be big clients—only then does having the right bait come in handy.

You will not win big clients if you never make contact with big prospects.

You will not win big clients if you don't market your services to big clients.

You will not win big clients if you don't ask them for their business.

I know what you're thinking: "It's all well and good to say this, but just how do I get in contact with big clients?" Well, it's by utilizing all the strategies we've learnt before, but directed squarely at those big clients:

Ring them up for a survey.

• Write to them.

Send them your latest newsletter.

Publish an advertisement in their industry newspaper.

• Network at the type of functions they go to.

• Do a speech at a business group they would attend.

Do all the same sort of things you do for the small businesspeople, but direct those strategies towards the big businesspeople. It really is that easy!

When we first started in business, I thought the big clients were out of our league; I now realize they're just the same as small clients, only they have more money. They're no easier or harder to deal with, but they do tend to require a bit more work.

Finding the Big Fish

In the city I call home, there's a racehorse sale every January that attracts buyers from around the world. A carnival is held, which includes the sales, races worth millions of dollars, and a whirlwind of social events.

I was once told the average income of the people buying horses at the sales, and the figure was so astronomical I've forgotten it. But I *do* remember that I was rather jealous of that figure, and devised a way to get my hands on some of that filthy lucre! For me, it makes a lot of sense to attend the social events associated with the sales, not only for the excellent food and wine, but because on my table at the launch might be a millionaire property developer, a banker, three lawyers, and a retail guru, and at a dinner there might be a horse breeder, a horse owner, a cosmetic surgeon ... you get the idea. When people happily spend \$250,000 on a horse, it means they have serious money. People with serious money inevitably work for themselves, and the business they have is usually a big one.

I'll have a chat with every one of the people I meet at these events, and try to find out more about them. Later that same day, I'll send off a nice-to-meet-you note, along with some opening for future contact: "It was great to meet you this morning, James. I'd love to know if you do buy that horse you have your eye on!" or, "Lovely to meet you this morning, Sarah. It's always good to have a chat with someone who knows her horses. I appreciate all the tips you gave me ... "

The cost of a ticket to the breakfast launch of this particular carnival is insignificant; the ticket to the big black-tie dinner is a fraction more, but still well worth it. You enjoy the undivided attention of a leading industry figure seated beside you for the price, so it's an absolute bargain. For an opportunity to have a chat with your exact target market, and be fed and watered in luxury while you do so—it's an easy decision to make.

Getting the business of the big fish is elementary. Do what you do with small businesses, just fish where the big fish are.



Now you Have your Foot in the Door ...

Once you have your foot in the door, things are a little different.

Big business operates differently from small business. For instance, often you're not just dealing with the business owner. You may well be dealing with a committee, rather than one decision-maker. The expectations placed upon you are different. And the client's needs and motivations are different, too.

Take these aspects into account when you present yourself, and you're in the game! With the confidence to go after the big fish, you might just land one. You'll never know if you never try.

Preparing the Initial Approach

One of the first major prospects to which I pitched came through a referral from another client. The prospect invited me to his company's headquarters in another city, so that I could tour the facility and get a feel for the place.

The company was rather large, being a major employer with 52 retail stores and a workforce in the thousands, and very successful. The company founder, who was my contact, was about 65 years of age. He was well regarded within the business world, a member of most of the local business clubs, and was a fairly formal type of character.

It doesn't require rocket science to figure out what I wore. Although I don't normally dress beyond sports-jacket level when visiting prospective clients, I dressed to impress for this

first meeting. I arrived at the appointed time, all spick and span in my best suit. The tour was over in about 20 minutes and then I was led into the boardroom, where the management was engrossed in a meeting. I was fed to the lions! It was a so-called friendly chat, but I was tossed quite a few slippery questions, and although they weren't expecting me to pitch on the spot, it was obviously make-or-break time.

A valuable lesson I learnt from this experience was that each time I visit a potential client, I need to be prepared for a "casual" chat with the staff. Fortunately, I'd completed a bit of background research on the company before I went to visit, and knew enough to make it through the discussion relatively unscathed.

What are the secrets? Big business management is like anyone else—they want to work with people like them, people they like, and people they know a little about. Once I sprinkled my conversation with the jargon they wanted to hear, the management became visibly more relaxed. Giving clients what they want isn't a deceitful thing: it's a part of the pitch to demonstrate that you are the best person for the job.

If the clients aren't comfortable with you, then it's unlikely they'll want to work with you. Do the clients want me dressed in shorts or a suit? Do the clients want me to save them money, or waste their money? Do the clients want me to be like them, or completely different? Figure out what clients want, then give it to them.

Pitching to the Big Fish

The pitch for this business occurred two weeks and another four meetings later, and I basically exhausted myself over its preparation. It was a presentation to the senior management team that included the company's managing director and their marketing director.

Often, marketing directors in big business try to guard their turf by letting it be known that they're up with the latest marketing breakthroughs. That's why all my answers to the marketing director's questions went something like this: "That's an excellent point and one I'm pleased you've raised. Flash technology does provide a richer user experience but, as you know, the limitations with slow dial-up modems are substantial. The research we've undertaken of your target users indicates that the majority are on 28k dial-ups. As you can see, this really does limit the use of Flash."

With an answer like that, which is by no means perfect, I'd praised the marketing director and acknowledged her expertise. I also showed that I wasn't there to show her up or take her job—she was able to relax. After that, she was on my side, and this in itself was a

huge help. The answer also proved that my pitch was researched, expert, and based on fact.

The suit, the jargon, the documentation, the PowerPoint presentation that I'd prepared once I'd asked how they'd prefer the presentation be made—the whole package told them that I was a person who could do the job professionally, and with minimal risk. Once I'd established that impression, the job was mine, and at a great price.

Example 14.4. How Did *He* Lure the Big Fish?

I once gave a speech at a business lunch. The speaker after me was the keynote speaker, and is one of Australia's leading advertising executives.

Both being speakers, we were seated at the same table. During the lunch, another guest asked him how he'd managed to win the advertising account of a retailing giant many years ago, when he was just starting out.

"Well, mate," the advertising executive began, "I rang them up and asked to see the owner. Then I went in there and told him I reckoned we could sell more of his stuff by doing better TV commercials. I asked him to give us a go. He said okay. That was pretty much it."

It's really not as hard as all the books and theories and gurus make out. Find out who might buy your service. Tell them about your service and its benefits. Then ask them to buy.

What Should you Charge?

We discussed pricing back in Chapter 5, but let's focus for a moment on pricing for bigger clients: in a nutshell, you should charge bigger business more.

You should charge them more for their web site than you'd charge a smaller business, even if it's the same sort of site. Why? Because they expect it. As we've said before, you should always meet (and exceed) your clients' expectations!

Actually, the reasoning behind this is not simply to take advantage of bigger clients' larger budgets. It's more about giving them the best solutions for their particular needs. Quite often, the same job that you've completed in a week for a small business might take 12 months with a bigger business. That's because the site development gets passed along numerous channels and you'll be liaising with a whole range of stakeholders.

We're nearing completion of a government web site, which has taken nearly two years to complete and has involved countless meetings, updates, adjustments, reports, and more with the client. It's a site that would have taken us five days to complete for ourselves.

Also, if you don't charge bigger businesses more, then, in my experience, they won't even give your proposal a second thought. In fact, I know of an internationally recognized web development team who, due to their absolute mastery of development and excellent business processes, could charge about half of what their opposition quotes on sites over \$100,000. They soon learnt their lesson when a client rejected their quote on the basis that it couldn't be done that cheaply. He assumed that they'd either missed something, or didn't know what they were talking about!

Big business demands more—and you can't deliver more on a budget. Big business has an expectation that quality costs more, which it generally does, based on supply and demand. However, to me anyway, there's more to it than that. You need to quote more than you usually would, because the bigger the business, the greater the expectation of service. Instead of putting together a web design based on the corporate colors and logo of the company, for instance, you'll be expected to liaise with a team of six, including the executive director, the general manager, the in-house marketing team, and the chairperson's partner.

In this environment, a process that would normally take ten hours might take 80 hours.

Valuing your Knowledge

Big business also has a better understanding of the notion of **knowledge**, in the sense of it being an asset, or area of expertise, that can be put to use in certain ways.

Basically, knowledge is gained by each person as they go through life. Some people obviously develop great knowledge in areas that are obscure to most other people. As you can imagine, the specific knowledge a search engine marketing expert accumulates through their studies and career is unique—and valuable! Think about the fruits of that knowledge the client would gain through hiring that search engine marketing consultant for the sake of their expertise in that field. For example, they'd know how to achieve a higher Google ranking for their site on their selected keywords. It's elementary, even trivial, to them, so is that knowledge accordingly worth little? Should clients pay more to obtain these skills you can offer? Let's take a look.

Web gurus stress the importance of being ranked within the first two pages of search engine results as a key aspect of your web business's marketing strategy. These gurus are absolutely

correct, but I want to add something more. It's been my experience that if a site is ranked first in a search engine, then it will attract as many as five times more hits than the sites below it. You have to get your clients' page to number one. Why is it so important? Being ranked number one for a frequently searched keyword can make your client a fortune, that's why. Let's take a look at a hypothetical situation by way of example:

Example 14.5. A Watch on Knowledge

As a kid, your client loved watches; he was always pulling them apart and seeing how they worked. As he grew a little older, watch repairs became his hobby, and he collected a few watches along the way. Rolex watches were always his favorite; he now has two old Rolexes in his collection, and has lovingly restored them himself. The client's contacts in the trade and hobby circles know and respect him as a person who sure knows his Rolex watches.

He hires you to set up a web site, including a shopping cart. The site sells second-hand Rolex watches, as well as Rolex-brand accessories such as boxes, bands, and clasps. You market the site by having the client visit forums and provide expert, friendly advice about Rolex watches. Then you start optimizing the site for search engines, and manage to achieve that coveted number-one ranking in Google for the keyword **Rolex**.

Now let's do the math. Almost half a million people searched for **Rolex** in the major search engines last month (498,945 to be precise). We'll be conservative and imagine that only 10% of the searchers click on the top-ranked result (that's your client's site).

That's 50,000 visitors per month.

We'll stay conservative and imagine that only 0.5% of visitors actually buy something from your client. That's 250 sales per month. Let's say they sell a few watches in that, along with a few clasps and bands. The average profit may well be \$350 per sale. $250 \times \$350 = \$87,500$ profit per month!

All because you know how to obtain the top position on Google.

This is an example of your superior knowledge and expertise at work, and it can be very, very valuable.

Are There Any Big Clients Left?

Surely all the big players have their own in-house design teams? If not, then the majority already have web sites and designers on long contracts, right?

Think of it this way. Those larger companies, with their own in-house design teams, are always looking to save a few dollars. They outsource many, many aspects of their business, and just might be seeking to outsource their web site work. And who's more deserving of that nice, juicy contract than you? No one, that's who!

The dotcom bust of 2001 saw thousands of web development companies bite the dust. It stands to reason that a lot of larger businesses were left without designers or developers when this happened. With statistics showing that around 80% of businesses fail to last for five years, the industry's constantly in a state of a churn.

Don't discount big businesses just because they have in-house designers, or already outsource the work. They can be gold for the smart operator!

Key Points

- Go wherever you need to in order to network with decision-makers in large businesses.
- * Tailor your marketing to attract bigger clients, and tailor your pitch to their expectations.
- * Be prepared to charge large clients more, and know the value of your knowledge and expertise.

Summary

In this chapter, we've talked about how most businesses' repeat sales are their biggest source of income! It will be no different for you.

Repeat business is business forever. It's business that you don't have to go overboard to win and that will grow your business into the future. Repeat business isn't likely to jump into your lap—get out there, keep in contact with your clients and make sure your business is top of mind. When clients want another web site, you want yours to be the only business they think of.

Repeat Sales' big brother is Add-on Sales. Add-on sales is beautiful: he can do it all! Add-on sales is strong and silent, but turn him loose and you'll be swimming in profit. Add-on sales are easy, and hugely profitable: your clients know and trust you, so give them

solutions to their problems, even if you have to educate them about what their problems are. And always, always, always make an offer to your clients *before* you finish the current job for them. They're receptive, they're already dealing with you, and they're interested: they'll buy.

You're the expert. Your clients don't want questions, they want answers. They don't want choices, they want recommendations. Don't ask them what solution they want to use, tell them which solution is best. Give a strong recommendation. It's one less headache for them, one less thing to worry about in the running of their business, and it means more sales for you.

Upselling can be another terrific way to grow your sales. It's important to be aware of the opportunities for upselling—often it's just a case of recognizing that you can upsell. Next time prospects walk through the door, think about upselling them to a better solution than the one they propose. You're the expert, and it's your job to provide the best solutions.

Speaking of you being the expert, don't forget about the value your expertise and knowledge brings to your clients. Understand your potential, and consider it as bait to lure in the big fish. Build it in to your pricing, and allow it to give you confidence. As we saw, selling to larger clients provides an excellent opportunity to grow your business exponentially. Use the same tactics you would to smaller clients, but tailor them for the larger one.

Do you want to be big? Then let's get started on making that happen—for the rest of this part of the kit, we'll deal with the details of expanding your business!

Chapter 15

Preparing 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 so much when it comes to building your business. Yes, you need them, but you need to use them in a different way. You must start to maximize your skills and knowledge as much as possible. This is called leveraging, and in this chapter, we'll go into detail as to 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 your weaknesses 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 uncover 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 be more 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. But now the day has come where you want to expand your business, and there's many other considerations to discover.

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.

Planning for the Future

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, and check it every day. Figure out how you're going to achieve that objective, and start doing it. Okay, so that much sounds easy; however, implementation is a little more difficult. You won't be able to do it all, and it's important that you recognize this fact from the outset. 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 unless you have more than one head.

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're 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.

Leading and Managing

Since 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 all the elements fit together, but for the future of the business: 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, and that someone is you, like it or not—no one else is going to do it for you. The leader's role is to identify where the business needs to be positioned in the future.

The buck stops with the leader, but, on the other hand, it's the *manager's* role to point the business in the right direction and drive it that way. The manager doesn't necessarily have to be the one and the same person as the leader, certainly as your business expands further. Probably the best example I can give is that of my own business. I identify how best to grow the business in order to meet the needs of our major stakeholders, then I pass that direction on to the business manager. She basically rejigs, retools, and repositions the business to facilitate my identifications.

Unless the leader and the business manager are the same person, the leader won't become 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, after which 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. 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 and be conquering the world!

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

Knowing your Capabilities

You can't do everything yourself: some tasks really are better left to the experts.

For example, I'm a terrible web designer. I know almost nothing about graphics; I know less about programming. If I suddenly decided to take on the designing task of our web sites, the business would close up for good about three days later. But here's a surprising enlightenment: the fact that *I know* I'm a terrible designer, that I can't program, that 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.

Then, take bookkeeping. Really—take it *away* from me, as far as possible! I have no idea how to balance the books, although 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, and I now had an extra day to sell our services. As you can imagine, an extra day's work can generate a significant amount of income.

You can't do it all, nor should you want to—there are most likely people out there who can do it better, faster, and cheaper than you can. If you try to 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 your business?

Perhaps, like me, you'll need a bookkeeper. 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 checks, making the phone calls, and chasing that money. If you're not good at this, then find someone who is. That person will be worth their weight in gold!

Focus on your skills. We talked about this earlier; remember, 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 attract 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 by the telephone, 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 needed either someone else 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 and outsourcing? Have you built relationships with outside professionals who will help you grow your business? Are they reliable? Do they come through in a crisis?

I think that our outsourcing model works well for us. We attract a new client who wants a web site. We have eight web designers to whom we can farm out the job, as well as excellent resources like SitePoint design competitions. 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 web sites 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 all on your lonesome, 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, and this is a key way to do it.

I've assessed my skills and, on paper, it looks as though I shouldn't be allowed anywhere near a web development business. I have no formal business qualifications, know very little about computers, and cannot design a thing. I've never programmed anything more complex than a microwave, and, again, I can't bookkeep to save myself.

Yet I manage a successful business. Why? 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—I've got them too.

My skills? I'm a reasonable marketer, and good at acknowledging that I'm not the right person to fill those other roles.

Key Points

- Set clear objectives to guide your business's growth into the future.
- Know your limitations, and get help where you need it.
- Be a strong, entrepreneurial, and visionary leader, but accept that you can't do it all.

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! If you can address these two critical elements, you're done. You're a success. You're a winner!

Putting Systems in Place

It's having systems that ensures you can work on your business, not in it.

Putting systems into place wherever you can will allow your business to run smoothly, with as little input from you as possible. That point is vital. As an example, let's say I meet with a prospect to complete a comprehensive analysis of both their business, and the potential role of the web site 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 fact 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 following a system. The analysis is simply an extension of that, as a systematic review that anyone in our business can carry out.

System 1: Conducting 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 all 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 web site
- 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. Questions such as “What are the objectives of the site?” and “How will you market the site?” gently guide 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. This process also qualifies the buyers. It alerts them to some aspects 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 we covered in Chapter 5, and in asking open-ended questions.

System 2: Following 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 really isn't a lot 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. Completing a ten-hour proposal in 30 minutes is the way to go.

We use a system of templates to compile each proposal, which ensures that all prospects receive a top-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, and so forth
- 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. In case you're wondering, we find that the most effective proposals for us are the ones printed on paper.

We know how to present the proposal, simply because we ask prospects how they want it presented. Easy! 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.

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—it's preferred 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: Maintaining Client Contact

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.

Since 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 web sites 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. That means your business can continue to grow even when you're away from your office.

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

Considering your Personnel

I'll talk about hiring in detail in Chapter 17, but, for now, 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.

Finding the Right 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 graduate fresh out of university, burning with 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, but you can't teach honesty and integrity. In Chapter 16, we'll go into more detail on how you can find the right person for the job every time.

Developing the Right Culture

Now, culture'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 them 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 in ways you would never dream of.

Here's a quick example about my own business. 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 works furiously to finish the work 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 is given the best service at the right time. They receive bonuses when we have a good month, anything from cash to theater tickets. 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; they're 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, for reimbursement later. Why? It's all about 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.

Ensuring 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 therefore intangible, this proved almost impossible.

It's difficult to compare the productivity of someone writing web site copy to that of someone project managing. The copywriter may well spend an hour on a single sentence, 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 they've been working

as productively as possible. Furthermore, as 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.

culture

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

measurement

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

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. 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 whom 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.

Could we find a cheaper host? Yes.

Could we find a host with more features? Yes.

Could we find 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 achieve quality results. Our programmers are 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 all the time thereafter. Systematization such as this is key to business expansion.
- Put the right people in place; gather a great team around you to build your business.

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. 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, 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 achieve 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. Alternatively, 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 advertisement. He didn’t generate an inquiry. We landed a \$20,000 client. If you can increase your conversion rate from one out of ten to two out of ten, you’ve doubled your business. If you can take clients who have never referred you new prospects before, and have them start referring five clients each per year ... well, you see what I mean!

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.

Four 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 24 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 a lot, and, as 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 due to all these factors. That’s leveraging.

Example 15.1. Leverage What you Learn

We recently finished a web site 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 web site 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 12 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 web site!

We won't pat ourselves on the back and rest on our laurels, however. 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 at least ten 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.

Having Others Do the Work

Of course, having others doing the work is a great way to leverage your skills. We'll look at this further in Chapter 18, but it's well worth raising here. If you can design a web site 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. After subtracting the wages, you're still 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. As I mentioned, if you sell your time by the hour, you'll find it nearly impossible to grow your business. Why? There are only so many hours in a day. However, if you sell the time of many other people, 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 that's not just because we're lazy! We know that we can be far more profitable if we contract 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 contractors are working away on that site, we might be gaining another couple of clients, and preparing to have that work done. More clients equals more referrals. More clients equals more monthly contracts.

Never do something yourself that you can have someone else do more cheaply. Likewise, never have your in-house team do something that you can have someone else do more cheaply.

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 mentioned that course of action in Chapter 7. 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. In fact, 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 hook 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.

My being out and about is why our systems are so important, and why they're the biggest focus of our business manager—having those systems in place ensures everything is done right during my frequent absences, and that I don't have to be around for the work to be done. My focus is on the money, since that's my role. Although I'm also the one with the vision for the business, and a big say in the marketing, and more, 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. 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. The inventor of the product they sold was working in the office with an administrative assistant. A local nursery arrived to deliver plants, which the business owner spent almost two hours placing throughout the office. Two hours! I finished my independent work 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 customer who couldn't visit one of the 110 nationwide stores in which the product was sold, or purchase it from the web site. The product had a profit margin of about \$20. I later found out the customer lived 150 miles away and it was a four-hour round-trip to visit her—all to sell a product that provided a gross profit of \$20. It sure was a nice thing to do for the customer, but, for a business owner, that's not focus; that's insanity.

Are you focused 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 gather the right team around you.

Key Points

- Leverage your time, your skills, your marketing, and your systems to ensure your business growth.
- Delegate—have others to do the work if they can do it better, faster, or cheaper.
- As the leader, you must focus on making money.

Money Matters

For many, talking about money is taboo, but now's the time to overcome your squeamishness about financial matters. To expand, your business needs cash, and 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.

Demanding the Deposit

Let's start with getting the money in: first of all, we charge every client a 50% deposit before we start work.

There are no exceptions to this. Furthermore, if we're purchasing a product such as software on behalf of a client, we require the entire amount to be paid in advance; again, there are 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 web site 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.

Many businesspeople I've met have expressed to me that they find it hard to ask for money from a client. Like the brilliant designer I mentioned earlier, these people seem to feel uncomfortable in asking for the deposit. Get over it: if you don't get the cash in as quickly as possible your business will not last.

The client expects you to ask for the money; you want the money. So ask for the money—your business future depends on it. Use the **Invoice** template provided in this kit's documentation as a starting point.

Receiving the Balance

Here's a golden rule to follow, whatever your delicacy about asking for money. By all means, show your clients that the work has been completed, but never, never, *never* upload your work before payment has been received.

If you upload the site, then send your invoice for payment, the clients have no reason to pay you. I don't mean to suggest they're criminal types who intend to avoid paying for the job; it's just that there's absolutely no urgency whatsoever for them. They've received what they haven't even paid for, so they'll take their sweet time in writing out that check.

The worst outcome that can happen? Imagine the clients have the site up and running for a month, and still haven't paid you. Since they didn't contract your services for the web site's marketing, they've had very few visitors to the site, and it isn't meeting expectations. They may well think, "Okay, this site obviously isn't performing. I'm not paying!" As soon as your clients perceive a poor service, rightly or wrongly, they will be *really* reluctant to pay. What a nightmare—don't let that happen to you.

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

step 1

The team member who finishes the job notifies our accounts department and gives them a letter to accompany 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 the eighth day, if payment hasn't been made, a reminder notice is sent to the clients to remind them that our terms are seven days and to request immediate payment. The note is accompanied by a letter that reads:

Example 15.2. Eighth-day Letter

Dear Marcia,

Hope all is well.

I am writing to you in regard to invoice # 73 we sent you on July 12.

We understand that payments can sometimes be overlooked, but we would appreciate your check as soon as possible, as the payment is now 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, x. I look forward to hearing from you soon.

Yours sincerely,

Peter

Accounts Manager

P.S: If, for some reason, you are unable to act now, we understand. However, please do call us on 555-5555 so that we can find an agreeable solution.

step 4

It's day 16. The accounts department telephones the client as follows:

"Hello, Marcia, it's Peter from XYZ Design. How are you?

Marcia, I'm following up on an unpaid account we sent out on July 12. It's invoice 73 for \$456.00. First, I just want to make sure you'd received it?

Okay, good. The invoice is now well outside our agreed trading terms ... [*Pause*]

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

Okay then, Marcia. I'll write down that we'll receive payment on or before August 7. Terrific, Marcia. 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, Marcia. Now you have agreed to pay the invoice before August 12. That is definite, Marcia?"

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

Example 15.3. Final Letter

Dear Marcia,

Hope all is well.

I am writing to you in regard to your outstanding account, invoice # 73.

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 us on 555-5555 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, Marcia. I look forward to hearing from you soon.

Yours sincerely,

Peter.

Account Manager

In all our years in business, we have only had two bad debts. We commenced recovery for the work we had completed, but abandoned it after finding that the time, energy, and legal fees required to pursue the money would cost far more than the amount we were owed.

Aside from those two examples, the vast majority of our clients pay within 14 days. The more successful we've become, the more assertive we have been in requesting payment. When we first started off, it was often a case of not wanting to annoy the client and not wanting to look desperate. Now debt collection is merely a case of reasoning, "We've done the work, and the client agreed to pay us within seven days, so that's what we expect and demand."

Planning a Better Receivables System

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

Well, one aspect I'd like to change is 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, they might take up to three months to return it to you. It's a sneaky trick on their part, but it does happen. I know my business shouldn't suffer due to this, but I haven't quite figured out a palatable way to address this issue with clients.

I'd prefer to receive full payment upfront, before I start any work. A client first raised the idea of 100% upfront payment with me, and I like the idea. We've trialed it a few times, by saying, "You can pay a 50% deposit, or the 100% upfront and receive a 5% discount." Not surprisingly, our existing clients have taken up the 5% discount offer, with just a couple of new clients feeling comfortable enough with the 100% payment upfront.

This tactic may not work for all businesses, particularly new ones, but it's one example of how you can always be thinking about bettering the way you run your business.

Sending Cash Out

Sending cash out isn't half as much fun as pulling 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.

Our policy is to pay bills when they're due, not before. Having said that, 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 writes up the check immediately, or, increasingly, pays via electronic funds transfer.

A simple action like that goes a long, long way in developing the right relationship with suppliers.

Managing Expenses

We'll look further at measuring your business expenses in Chapter 19, but here's my top five expense management tips:

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. That’s \$900 in my pocket, which is much better than in someone else’s pocket.

Pay for everything you can with a credit card.

It’s easy to do, makes for fantastic records-keeping, involves minimal annual 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.

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!

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 three.

One of the most important parts of the contracts a supermarket negotiates is the payment terms. If a supermarket can negotiate a 90-day payment system, with discounts for earlier payment, they’ll be very happy. They sell the product and sit on the money for three months, accruing interest all the while! With the volumes of cash a supermarket turns over, this can be a substantial amount.

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

Don’t be shy.

Ask for better terms from suppliers. Set up that gas station account. Do what you can to achieve the best possible terms for every account you have: when you set up accounts, ask questions like, “Do I get a discount if I pay with cash?” or, “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 on account of it.

Key Points

- Cashflow is king—get the cash in as quickly as possible to minimize the risk of business failure.
- Pay your bills on time, not early. Have your money working for you.
- Manage your expenses carefully; have a tight receivables policy.

Summary

Growing your business isn't any more difficult than managing a one-person business, but 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.
- Gather a 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, since 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 attracting more business. That is your focus for growth.

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.

Chapter 16

Managing Expansion

Business skills are transferable across a range of industries, businesses, and situations. The fact that I can't design a web site is no impediment to my running a web site design business.

Business is business is business. Get the fundamentals right, and you can grow your business the way you want it to grow. We'll start this chapter with the story of the very quick setup of a business of mine that went from selling about \$200 of product over two months, to about \$250,000 in two hours. You'll see how the principles of the structure of that business are similar to those required to set up the huge public companies I've worked with. From the systems setup, to the establishment of departments, the reporting, and the financial review, the principles remain the same.

We also cover the systemization of your business again in this chapter, this time from a slightly different perspective. Systems are the single most important aspect that you have to put in place in order to grow a sustainable, expanding business. You can turn every part of your business, whatever its focus, into a system—an automatic process designed to maximize your profits and accelerate your growth. Systems work—that's why people pay millions of dollars for franchise businesses. They are buying a system that is tested and proven.

Next, we talk about money! As your business grows, you will more than likely need external financing to facilitate the expansion. I'll let you in on a strategy that makes sure you gain the financing you need, at the best possible rate. It's easy, it's simple, and it makes sense.

In this chapter, I'll also provide my top ten tips to avoid the pitfalls of growth. Not all growth is good, but follow these principles and you'll stand a better-than-average chance to get it right the first time.

We finish off this chapter with a hands-on look at raising your profile. Nothing achieves this goal better than an integrated media campaign, having your work published, and winning awards. We've used these tactics to improve the profiles of numerous clients, we've done it for ourselves—if you do it too, you could see an incredible response.

Example 16.1. How to Set Up a Business and Make \$250,000 in Two Hours

Over the years, I've worked in a few different types of businesses, from large public companies to my own successful business. Over this time, I've had the joy (and pain) of enduring the ups and downs, the ins and the outs of what makes these businesses succeed. I learned my most valuable lesson about making it big back in May, 2002.

It was 6.58 p.m. on a cold winter's night, and I'd just watched an eight-minute segment on a leading current affairs show. The report consisted of a feel-good story featuring a product for which I was the sole Internet distributor. The viewing audience for the story would have been around one million. I'd launched the web site for this fledging product about four weeks prior to the TV report, and had made just a few sales since then.

At the end of the segment, the anchorman said, "For more information, visit the product's web site at ... " "That's good," I thought. I asked my wife how many sales she thought that mention might generate, and she guessed 20. My hopeful guess was around 50.

I finished dinner and had a coffee, and then, at about 8.00 p.m., I decided to head into the office and check to see if any orders had come through. A couple of minutes later, as I unlocked the office door, I could hear the telephone ringing. I stepped inside and heard the fax machine ringing. That was automatically answered, and I heard the fax coming through. The telephone call was a customer who had just seen the story and wanted to buy the product. "Certainly," said I, very pleased with the sale, and knowing that we were receiving a faxed order at that very same time. Things were looking good.

I finished the call and picked up the telephone again to let my wife know that we were making a couple of orders. I heard the familiar tone of the message bank, so thought I'd better check that before I called my wife. It might be another order! I dialed through to message bank, and got my first inkling.

“You have 53 new messages.” Okay. Maybe we’ll receive a few more orders than I thought. I then checked my inbox to see how many orders had come through in the first hour. I hit the **Send/Receive** email button, and it was at this point that I knew we were onto something big. The receiving mail popup showed these magical words: **Receiving one of 1,004 emails.**

Every one of those was an order. It took about 40 minutes for those emails to download. Once that was done, I hit the **Send/Receive** button again. **Receiving one of 852 emails!**

Within the space of the eight minutes it took to show the feel-good story on the current affairs program, my little web site grew from a fledging Internet shop to one of the country’s most successful Internet businesses. In two hours, we took hundreds of thousands of dollars’ worth of orders.

- Within a couple of days we employed an additional 12 people.
- We added extra telephone lines to cope with the calls.
- We had two people to deal with the more than 2,000 email questions we received on the first night alone.
- We set up sophisticated order management software.
- We had almost 10,000 subscribers to a newsletter database.
- We set up an offline ordering department.
- We had detailed meetings with product fulfilment experts.
- We developed quality control procedures.
- We developed a policy manual.
- We set up departments for sales, customer service, distribution, finance, IT, and marketing.

The telephone calls, fax orders, and online orders rolled in continuously for a month. Then they slackened off to a mere deluge.

Although employing 17 or 18 people doesn’t really constitute big business, the principles I learned from that experience also apply to the development of a big business. Let me explain.

A big business is no different from a small business, except that it’s bigger! I’ve been up close and personal with some huge businesses, from staid public companies to one of the world’s largest hairdressing chains, and I’ll tell you this: I can do it. You can do it. We both can do it.

Looking at What the Big Operators Do Differently

Back in Chapter 15, I talked about people, leveraging, and systems. Here, I'll talk about just what the big operators do that the small ones don't.

First, the big operators don't do any work in the business—the moment that happens, the business starts to go down the gurgler. Managers *should not* work in the business.

Now, I'm not talking here about the manager who steps into the role of customer service for a day each month to get the feel of the business. I'm talking about a big business operator who just can't help themselves, and has to jump in and do the job “right”—the manager who is constantly at the front line. That's not how big business does it. To become a big business you have to work *on* your business.

Good managers of big businesses do four things differently from the rest: they understand financials, they create systems, they embrace business problems, and they borrow money when they don't need it. Let's look at each of these points in turn.

Understanding the Financials

Back in Chapter 15, I mentioned that I'm not fond of budgets. I hate doing them. When I complete a budget, it's sloppy and inconsistent. However, I know I need them done, and done well. Thus, I've employed someone to do the budgets for me. I've done that for one very good reason.

If I have great financial reporting on a weekly basis, I'm much, much more likely to be successful. To become a big business success you need to review your business on an ongoing basis. You need to be measuring every aspect of your business, at all times.

The most recent public company in which I was employed held senior management meetings every Monday at 9.00 a.m. Here, the finance manager presented incredibly detailed data on how the business was doing. This week's figures were compared to last week's figures; this week's figures were compared to the weekly figures from this time last year. These figures were compared to the figures for the business's operations in other states. Sales were analyzed in depth. Department heads were questioned at length. Costs were ripped apart until we knew where every single dollar was going. Man-hours were trimmed to the bone. By the end of the meeting, there was absolutely no fat left in the budgets. Not one bit. It was brutal, but it worked.

Your fixed costs are set: you can't reduce them. Yet, you can, and you must, reduce every variable cost to an absolute, no-holds-barred minimum.

You must produce budgets—we'll look further at the nitty-gritty of budgets in Chapter 19. You have to know how your cashflow forecast has held up against the actual. Not “maybe.” Not “later.” Not “I don't need that. I know more or less what the costs are.” You must analyze every single dollar you spend, and look at how you can reduce your costs. Small expenses have a habit of adding up to become big expenses. Labor costs will obviously be one way to reduce costs—they're usually a business's largest single cost. If you can cut your labor costs by just 5% annually, the savings can be enormous.

However, don't just look to slash costs alone—that can be dangerous. I've pushed the point of quality over price throughout this kit, and that ethos is equally true when it comes to cost-cutting. To cut costs, search for better value. It's value for money you're after, not necessarily the lowest price. Keep searching for a better quality service at a better price. Don't stop searching. Compare every quote against the value it will deliver.

Complete the budgets, and review them regularly, to give yourself the best chance of success. You don't want to be sitting in a rocking chair at the age of 75, knowing you didn't give your business career your best shot. You owe it to yourself to be successful! To do that, you must be informed about your business.

For instance:

- I attract 900 visitors to my product web site each day.
- Of those visitors, 5.5% buy the product.
- Of those customers, 22% are repeat customers.
- I know exactly what the average sale is.
- I know the profit margin on each and every sale.

That's basic information. Yet, it's enough information for me to be able to make good decisions. Maybe I can access a pay-per-click visitor for \$1.00—I know that I can make a profit on that visitor cost. Maybe I could spend \$1,000 on search engine optimization for a specific keyword. Maybe I'll be offered a targeted ezine advertisement for \$500. From past experience with this publication, or that one, I'll know almost to the dollar how much profit I'll make.

With detailed information like this, I can make decisions that will almost always be exactly right for the business. With this sort of measurement, business will grow and grow. This is what you have to do to build a successful business—budget. Draw up budgets. Review those budgets. Check your costs. Cut those costs where you can. Increase those revenues wherever possible.

Creating Systems

I know I talked about systems in the previous chapter, but I want to talk here about why good managers focus on the creation of systems. Systems represent good management, they work, and they are necessary if you are to grow your business. Systems have the potential to make you a fortune.

For example, franchised businesses are just a system. You pay your money to gain access to a system of doing business that is tried, tested, and proven. Around 40% of the business community in the US is made up of franchises! All the franchisee pays for is the system, nothing else.

Tom Peters, author of *In Search of Excellence*, states that the only real point of difference among many competing businesses is how they do what they do.¹ For a couple of small businesses that have been systematized, and whose systems have provided them with profitability and value, just think of Amazon and Dell. Both of these business models are incredibly successful. The process is so automated it's almost unbelievable. I doubt that Michael Dell or Jeff Bezos work at packing up computers and books.

You can automate and systematize every single aspect of your business. To join the big boys of business, you'll have to.

The Automatic Web Company

"But you can't systematize web design, Brendon!" you cry. Wrong. I've never designed a site in my life and I can have a site designed in about two hours for \$50. "Okay, but you can't systematize programming," you argue. Well, you can systematize the *process* of completing the programming. Here's how.

The prospect for a new programming job walks through the door. What happens next? Here's the cut-down system we use:

- step 1** The job is allocated to a project manager.
- step 2** The project manager performs a needs analysis.
- step 3** The project manager sends a thank-you letter ... okay, okay, let's skip ahead to the exciting part!

¹ Thomas J. Peters and Robert H. Waterman, *In Search of Excellence: Lessons from America's Best Run Companies* (New York: Warners Books, 1982).

- step 15** The project manager emails the project brief to ten certified and quality-assured programmers for quoting. Skipping ahead again ...
- step 20** The quality assurance team reviews the completed job.
- step 32** The check for balance of payment is deposited.

Once a complete and detailed project management system was put in place, fantastic quality control, exceptional service, and fabulous results would become standard elements of the client's experience with the firm.

I'm actually surprised that no web company has grabbed a big chunk of the market. I find that most of our clients know very little about the Internet, and the reassurance of a well-branded web design company could prove very successful. Now, let's move forward a few months and see how you've systematized every single part of your business.

new business

Prospects contact the office ... and go straight into the system. Whichever process has been shown to provide the highest level of success for these types of prospects—and, of course, you've established a system to assess the *type* of prospect they are—is implemented.

promotion

A newspaper advertising campaign ends. Your system can tell you exactly what the results are. You don't have to make a decision—if the campaign didn't reach a certain level of success, then it's automatically abandoned. If the campaign was a success, it's rebooked to run again.

collections

A client has not paid the invoice after 14 days. No decision needs to be made—the collections follow-up system is implemented.

See how systematized your business should be? Take Henry Ford. Henry didn't invent the motor car; all he did was create a system to build cars faster and more cheaply than anyone else could at the time. From those systems, a huge fortune was built. Likewise, Ray Kroc built a fortune with McDonald's, not by selling lots of product, but by selling the system that is the business.

Systems work because they assure quality, they give you time to work on your business, and they give you the power to leverage every single part of your business. Your clients

will love your systems because they provide consistency, and people love consistency! What systems can you put in place today?

Embracing Business Problems

If you've been in business for a while, you'll know of the problems: the cashflow problems, the deadlines, the difficult clients. I've been dealing with those problems for what seems like forever, and I know what to do about the business problems you'll have: welcome them.

Business problems aren't problems; they're just business. Solving problems *is* your business. No matter what sort of business you're in, you'll always have problems. Problems are a sign of business success: if you have plenty of business problems, then you have plenty of business. It's a bit like people who complain about their income tax bill: if there's income tax to be paid, it means that there's an income, and that isn't exactly a problem.

I've worked long, hard hours over the years trying to solve the problems our business faced so that we could, finally, once and for all, be organized. It's not going to happen! Problems are the only constant of business, and they're not going away. The more problems you have, the more business you have, so don't worry about problems. See them for what they are—business.

The whole basis from which this kit is written is that you need to find solutions for your clients' problems. That's the foundation of a successful business: find a problem, and offer a solution. You want to find as many problems as you can lay your hands on. Learn to love problems in general. Seek them out and build a better business. Business problems will differ, but you'll learn something from every single one of them.

Here's a problem I've had recently:

Example 16.2. It's an Ill Wind ...

We agreed to provide a client with web site marketing services. We commenced the work, and committed a huge amount of time, expertise, and skill to the initial stages of getting the web site up to speed for search engine spidering. With a very limited level of Internet marketing knowledge, our client was provided with basic education of web site marketing, as well as realistic time frames in which she could expect the effects to be realized. We provide a comprehensive report on the work completed at the one- and three-week points.

A week later, we received a telephone call from the client, who complained bitterly about the quality of the work. We obviously hadn't addressed her expectations appropriately, because she was under the impression that the web site would achieve a top ranking for a very competitive keyword after just a couple of weeks. That result obviously wasn't possible: because of the rapidly changing nature of ranking techniques used by the search engines, in reality it's impossible to guarantee any result at all.

Then, the client started *shouting* her complaints at the person with whom she was speaking. Now, that's not a good business problem to have. I can think of better problems, and problems that are much more positive. This was how I handled the situation. The client hadn't spoken to me personally as yet, but I called her and informed her that her aggressive and abusive behavior would not be tolerated, and that we were withdrawing our services immediately. We returned the payment for the work we'd completed.

Although it might not seem like it, there were many positive outcomes from these actions. Yes, I lost a client. Maybe I could have handled the situation more diplomatically, although I don't really believe that. As we've seen, it's time to terminate the relationship when a client becomes aggressive and starts shouting. However, the positives from that little episode were:

- We identified early on in the relationship that the client would prove extremely difficult, and would therefore be unprofitable to work with. It's much better to find this out now, rather than in six months' time.
- The team member who copped the abuse was absolutely delighted with the way I dealt with the situation. She was very upset with the way she was spoken to by the client, and my termination of that business relationship validated her importance to our team. Had I talked with the client and smoothed things over, our team member would probably have been very angry that someone could treat her like that and get away with it.

Although this isn't an example of a huge business problem, problems *are* your business. Tackle all problems head on, and remember: problems won't go away, so learn to enjoy solving them.

Borrowing Money When it's Not Needed

Here's one thing the big businesses have: money, and plenty of it. There's no question about it; you will need money to grow your business. Take a look at the financing of big

business, and you'll find that every single big business has been financed using other people's money. This is proof of a cold, hard business fact—you need other people's money to expand.

To make it big, you need to be well financed. Chances are that you'll need to borrow the money from a bank, unless your rich uncle is feeling generous! To borrow money from a bank, you'll need a relationship with a bank, you'll need a strong credit history, and you'll also have to show how you can pay the money back. Don't waltz into your local bank and ask for money without first doing the groundwork. Similarly, don't ask for money when you're desperate.

It is important to recognize that, as your business grows, you will need additional money with which to expand. You also need to understand that the money required for expansion is usually not available to you from the positive cashflow you will have established. The time to borrow for expansion occurs when your business is at its best—when the cashflow is positive and you have more work than you can handle. That's the time to stride in confidently to your bank manager and ask for a loan. There are, obviously, many sources from which you can gain financing, but we'll stick with the boring bank manager for this example.

Now, if you're not quite ready to expand, you'll have to decide what to do with the money. You have two options.

Pay it back.

This isn't a bad option. Make the loan a small one, and pay it back quite quickly and well ahead of time. The biggest advantage of this course of action is that you basically earn a good mark on your credit rating. When it comes time for the next loan, your excellent performance on paying back this loan will be taken into consideration, and can mean the difference between the success or failure of your later and more critical loan application.

Use the money.

A good use for the loan may be to consolidate any business debts you have (personal loan and/or credit card debts, for instance). Combine multiple debts into a single loan with a lower interest rate, which, in turn, means a better cashflow for your business.

Once you reach the expansion stage, it's important to borrow as little as possible, and to fund what you can from your cashflow. It's obviously so much better for your business if you can minimize the interest you have to pay. If you can use the cash that's in your business for the same purposes that you'd use a loan, do. For example, don't use borrowed

money to pay off debts incurred in the course of day-to-day trade. The telephone bill might well be due tomorrow, but with a few telephone calls you can easily hold it off for a month, maybe even longer. With your sales generating cashflow, the telephone bill can be paid within the required time without the need to resort to borrowed funds.

Establish a relationship with your banker. Prepare well-documented budgets and business plans to show them. This, after all, is why you need to borrow money—for growth. It seems unfair, but it's very hard to borrow money when you're struggling and desperately need it. Put that credit in place when you least need it, because that's when you'll be granted it! If you borrow the money before you need it, there's no pressure. You can comfortably shop around and compare deals with the luxury of time. You'll have the opportunity to find the best deal for your business, and you'll have no trouble coaxing agreement from the bank manager.

Of course, borrowing money brings with it an inherent problem: you have to pay it back. In your efforts to appear as flush with funds as possible, you'll have your books looking as smart as possible. However, don't kid yourself! Make sure you can repay the money you borrow. We don't want you in debt up to your eyeballs with a loan you can't pay back. Whether you received money from a bank or that rich uncle, now is not the time to splurge and give your business an appetite for luxury. You can't afford luxury—either figuratively or literally. You need to maintain the frugal mentality—many a business has been ruined by excess that simply was not required.

Key Points

- Understand your financials thoroughly; prepare budgets and consider intelligent cost-cutting.
- Embrace problems as a means of improving your business.
- Create systems to increase productivity enormously.
- Borrow money before it's needed, so as to consolidate your debts and develop your credit history.

Management Principles Matter!

A leading executive became the managing director of one of the country's leading retailers. This huge company owned the largest supermarket chain in the nation.

Now, the new managing director *had not set foot in a supermarket for the past 25 years!* This seems unbelievable, but he'd obviously taken delegation very seriously. He had no idea how much a carton of milk cost at the checkout. Bread? He had no idea. Meat? Not a clue there, either.

But it didn't matter. The principles of managing any business are the same, no matter what the industry. That's why talented CEOs can move from top position to top position without having an intimate knowledge of the industry they're entering: because it doesn't matter. Business is business is business. You don't need web design skills to run your business. You don't need programming skills, either. You don't even need to have a web site yourself—the majority of our clients never even look at our site.

Big business owners don't need to know every technical bit of information about their industry, they just need to know their business. They need to have the right systems in place, the right reporting, the right information, the right team, the right leveraging, the right market moves, and the right focus. None of these factors have anything to do with the technical side of the business.

You'll see the same approach time after time among successful companies. Sales are high; costs are as low as possible. New markets are entered; new revenue streams are created. Other companies are purchased to provide synergies and improve revenues; more costs can be cut. You'll see the same principles implemented time after time, because these key business principles are 100% transferable between businesses and industries.

From the story of the quick setup of infrastructure for the web site we discussed at the start of this chapter, you saw how it was imperative that we had our systems as automated as possible. It was all about efficiency, and maintaining quality while being quick about it. Take the 2,000 emails we received on that first night alone. We very quickly identified that they fell within four basic categories. Thus, a template answer was drafted for each question category.

We then filtered the database, and each of the 2,000 emails were answered—with highly detailed and personal information—within a matter of 24 hours. We then set up autoresponders for each category, which reduced the workload even further. That story exemplifies one of the keys to good business: you need to be as efficient as possible—and that means automation.

Now, it wouldn't matter if we received another 3,000 orders from that web site in the space of two hours—due to the way that business is set up, the orders would all be processed and posted out within six hours of their being received. And the entire business

could be managed by anyone in our office, all because the system is automated and documented. The experience we've had with that business means that we can successfully manage the logistics of any web-based business, because the principles are the same.

Take a look at the operators of successful big businesses in any industry. What personal traits can you identify? I'd guess that the following traits would be fairly consistent among them. They:

- are optimistic
- have the ability to articulate their vision and enthusiasm
- are focused on their goals
- love what they do
- have great habits
- have integrity
- learn from mistakes
- make decisions
- persevere

These traits, like the essential business principles, are transferable across industries and give big business operators a strong chance at creating consistently successful businesses.

Avoiding the Pitfalls: Top Ten Tips

Growing a business is an interesting experience. The highs are very high, while the lows can be depressing. Here's my take on the issues you'll be likely to confront while your business is expanding, such as during your move from a home office to a rented office.

Keep Costs Down

Keeping costs down is vital. Earlier on, I was always torn between saving money and ensuring we looked prosperous for our clients. I realize the value of making a positive impression on clients, but nothing is worth risking your business.

We have a successful business, but all the desks in the office are old—in fact, we inherited them with the office. Sure, we could buy new ones, but why? Desks don't generate income, and we might as well spend that money on something that does.

Build the Right Team

Finding my very first employee was just blind, stupid, wonderful luck. She was recommended to me and I employed her on the spot. Without her, the business wouldn't have grown to a size that's anywhere near what it is today.

Since that first employee, we've employed quite a few others. There have been a couple who, if they had been our first employee, would have sunk the business without too much trouble. Since I was spoiled with my very first employee, our expectations of our staff are much higher now.

Be ruthless when you select employees. I've found that you really can't tell what people are like until you actually give them a try. You'll know, within a day or two, whether they're the right person for your team, so work out a trial deal with them if possible.

Get the Money In

As your business grows, your cashflow becomes even more critical. Get the money in, no matter what!

Don't be shy or intimidated: don't let clients keep hold of your money any longer than they should. We looked at how to ensure your clients pay in good time in the section called "Cashflow, Expenses, and Minimizing Risk" in Chapter 15; it's not hard to generate a semi-automated account receivables system and to implement it.

Find your Point of Difference

Whenever I heard people talk of a unique selling proposition in my early days in business, I joined in, spouting the usual hot air that marketing consultants are expected to. I've quietened down to some degree in the intervening years, but it's not all silly marketing speak—your point of difference can be reduced to this:

Pick something that you do or have that makes your business unique. Now, promote that difference relentlessly. It could well be all that stands between you and failure.

Remove Every Negative Influence

It's okay, I'm not about to spout a lot of new-age wisdom. However, as you move along on your journey, you'll find critics galore, well meaning and not. Here's some of the recurring put-downs I've encountered:

"You won't be able to do that."

“No one makes money in web development.”

“You’re only selling words. You can’t sell words.”

Ignore them all—friends, relatives, or otherwise. Sure, there’ll be times when what they say has resonance. You might have had a bad week full of unsuccessful pitches and clients showing unwonted signs of peskiness, and those times are dangerous if you have a devil’s advocate on top of it all expressing their “concern.” You must remain 100% convinced that you are going to be a roaring success. You cannot let a negative thought enter your head. Rid your life of negative people—life is so much better with positive people around you—or close your ears when your kinship to them makes this impossible!

“There’s No Risk in My Business”

It’s not a potential problem or pitfall, but I wanted to make a point: my business is a fairly entrepreneurial one. Now, inherent in that entrepreneurial spirit is an assumption of risk. Here’s the thing, though: there is absolutely no risk whatsoever with any business ventures than I run.

I am so completely convinced of my own ability to make the business happen that it cannot possibly fail. Failure does not even enter my head. I simply can’t comprehend the potential for failure. If I did, I wouldn’t have started the business.

Do you feel the same way? If all you can see is a great risk, then maybe you should walk away.

Be Organized

I’ve had entire days where I rushed around busily without actually accomplishing anything at work. I thought I was organized, but only once I actually was properly organized, could I discover my previous weakness.

We’ll discuss the finer details of organization in the next chapter. For now, you need to remember that organization is the path to planned, steady expansion. Get organized and get productive!

Don’t Be Too Soft

In business, it is almost a given that you will like your clients and suppliers. That’s nice; it’s even essential to the health of your business, but you need to keep a ruthless part of you alive and well beneath that chatty, amiable exterior!

Just because you get on well with a supplier doesn't mean you'll accept substandard work or service. Move on. Just because the latest employee is a delightful person doesn't mean that you should keep them on if their skills aren't up to scratch. Fire them today. (We'll look at how to perform this delicate operation in Chapter 17.)

Be tough on costs and aim for the best deal in every instance.

Don't Grow Too Fast

Let me start by saying that not all growth is good. Growth in staff numbers isn't so great if the new team members don't increase the income. Growth in revenues isn't so wonderful if it's accompanied by a bigger increase in expenses. Any sort of growth that reduces the quality of your service to existing clients is obviously bad.

Our growth has been based on a strong and regular cashflow. From that solid base, we have been able to plan fairly easily for growth and adjust accordingly. Grow as fast as you can, but no faster.

Find the Right Clients

Anyone can find clients. The problem is, finding the wrong type of clients can seriously undermine your efforts and jeopardize your business.

As we saw in Chapter 12 and Chapter 11, irate and unreasonable clients really can harm your staff morale and, as a result, productivity. It's in your best interests—and those of your business—to take the time to learn how to find the right clients!

The Three Easiest Ways to Speed Growth

Growth is good, but some types of growth are better than others!

The easiest way to speed up your growth is to increase your profile. Rightly or not, people associate a high profile with success. Perceived success generates its own business.

Probably the best example of this phenomenon is my product web site that exploded in sales after being featured on the television program. This product has many competitors and is widely available. With a sudden lift in its profile, sales skyrocketed.

A lift in your profile can do the same. Here are the three easiest ways to boost your exposure. We mentioned each of them in Chapter 6, where we dealt with marketing. Now, let's take a look at exactly how each method can impact on your media profile and help support your strategy for growth.

Commencing a Media Plan

We've always had great success with our media strategies: they've always worked exceptionally well to achieve whatever goal we've set.

We send out media releases to local newspapers on a regular basis, with the aim being to raise our profile and build our brand. The results we have seen demonstrate that this approach can be highly successful. Being interviewed on a television show is much more credible than doing a TV advertisement. Just check out the sales of the products, such as the featured book, that appear on the Oprah Winfrey show. Whatever book Oprah recommends goes to the top of the bestseller list almost instantly.

Why is media coverage more credible? Media coverage has credibility. It's not about you telling everyone how wonderful your business is, it's about an expert, a media professional, writing about your business. No longer are you a person trying to sell yourself. You're a media figure, a celebrity, a guru. Viewers, listeners, or readers assume that because you're in the media, you must be the best. They assume that you're a good guy. They assume that you have been thoroughly checked out by the people at the media outlet.

Here's the media release example that was discussed in Chapter 8, which was picked up and published by the newspaper we targeted. The only change they made to it was that the journalist took my quotes and used them as her own words. Now, instead of me saying what a great web site we'd built, we had a well-respected journalist saying it. That gives us fantastic credibility.

Example 16.3. A Media Release

MEDIA INFORMATION

For immediate release: 28 November 2002

Marathon star caught in net!

The Gold Coast Airport Marathon web site looks set to maintain its position as one of the world's leading marathon sites with the appointment today of marathon star Samantha Hughes to the web development team.

A previous winner of the event, Hughes is the general manager of Gold Coast-based web development group Tailored Consulting, and will be involved in all aspects of the site, from design, to research, to the ongoing management.

“As one of the rising stars of Australian distance running, and with a degree in Health Science, including a double major in Sport Management and Exercise Physiology, there are probably few people in Australia who can talk about running with as much authority as Samantha Hughes. And certainly few with as much passion,” said Brendon Sinclair, executive director of Tailored Consulting. “It’s all part of our commitment to ensure the position of the Gold Coast Airport Marathon web site as one of the best in the world.”

The site, which contains training diaries, forums where athletes can “talk” with running stars Pat Carroll and Hughes, along with a sophisticated online entry system, attracts in excess of two million hits per year from over 50 countries.

The race, set to celebrate its 25th anniversary on July 2, 2003, last week announced the support of major sponsor the Gold Coast Airport, and looks set to continue its spectacular growth of recent years.

ENDS

Contact: Brendon Sinclair, ph: 555-5555

Despite your own personal feelings about the media, most consumers believe that journalists are unbiased people who are out to find and relay the truth. That’s good news for you, as a quality business that provides a quality service. If the media tell their audiences how good you are, then that message reaches perhaps tens of thousands of people who trust them. Having the powerful media telling everyone they trust you means that the audience will probably trust you as well.

As you know, risk is one of the major barriers for people who buy any product, so having a media endorsement will be great for your expanding business.



So you Really, Really, Really Want to Receive Media Coverage?

I keep mentioning the importance of establishing a point of difference around your business. Something that’s a little bit different might be all you need to grab media attention.

Well, do something outrageous! Let’s face it, more than anything else, people want to be entertained. It’s an irrefutable fact that the media love sensational stories—the crazier, the better. My favorite example of someone who has built a billion-dollar business empire on being outrageous is that of Richard Branson. The boss of Virgin has, among other things:

- worn a wedding dress
- flown a balloon across various oceans
- posed naked for the launch of his autobiography
- held Ivana Trump upside down at a party
- been the first man to cross the Atlantic in a hot air balloon
- crossed the Atlantic by boat the fastest

Branson has elevated the outrageous to an art form. His brand, Virgin, has reaped the rewards of that, to the tune of billions of dollars! The media can provide excellent publicity opportunities for you and your growing business. I'll guarantee that if you do what Branson does, you'll attract some great media coverage, so take a leaf out of his book and be outrageous.

Writing Articles for Submission to Industry Magazines

I mentioned earlier in the section called “The ‘Right’ Time to Sell Additional Tools or Functionality” in Chapter 14 that 16% of Internet users have booked a holiday online. I'll be using that information as the basis for an article to be sent to the industry magazine in my state. This magazine goes to a highly targeted group of resort managers.

What a simple, logical, and fast way to raise our profile among this perfectly targeted audience!

Entering Awards

The marketing arm of my business used to enter our clients' businesses into competitions for business awards. I was always amazed by four things:

- how few businesses took the time to enter these kinds of award competitions
- how easy these awards were to win
- what a fabulous raise in profile they would provide (business awards are invariably sponsored by the local media, and as part of their sponsorship they provide excellent coverage)
- the prizes are always exceptional

Awards are an easy way to raise your business's profile—make the most of them!

Summary

What are the secrets of making it big? The strategies that facilitate growth are consistent across businesses, and these are the strategies we've looked at throughout this chapter.

I've mentioned that successful business people have goals, and they write those goals down. Do you have goals? Are they written down? Do you refer to them regularly? Successful business people also review the financial data of their business at least monthly, if not weekly. Do you do that? If you don't, you're less likely to be successful. Successful business people systematize their business so that the business operations are as efficient as possible: less work, more profits, more growth. Have you systematized as much of your business as you can?

In this chapter, you've seen the quick example of my little Internet business having a growth spurt, and how we coped with that growth. You've also seen the basics of finance reporting—and are ready for a bigger section on this topic in the next chapter.

In the discussions on automating a business and setting up systems, I've provided the example of the business executive in charge of a supermarket chain who hadn't been in a supermarket for 25 years. Did it matter? No! Business skills are transferable. The principles of running a business are the same whether that business employs one or 1,000. Run your business like the major corporation it will soon become! Step back and take a look at your business from the perspective of being like all the others. What does it have in common with other business success stories? How can you benefit from these commonalities?

We also talked about problems. You need problems because, regardless of what your business actually does, you're in business to solve problems. Relax with problems: as a business person, you will always have them.

Think about financing your expansion days, months, or even years before it happens. If you set in place an infrastructure that encompasses the right relationships, the right credit history, and the right approach, you'll be in a position to maximize the resultant benefits of that infrastructure, to ensure safe future growth.

We discussed the implementation of the media campaign; with the real-life example, along with a step-by-step guide, you can put together a media release like a pro. Make sure your story is newsworthy and, before you know it, you'll be on Oprah! Okay, maybe not, but you will attract some media coverage. Try a media release next week—you'll be better for the experience!

Now that we know how to manage an expanding business, it's time to explore the nuts and bolts of that business—the practicalities of expansion. Chapter 17 focuses on just that topic!

Chapter 17

Expanding Staff and Office Space

One of the biggest determiners of your success and growth will be the team you assemble around you. In this chapter, we'll discuss some tried and true methods for attracting the perfect person for your team, the first time you try. I'll show you, with real-life examples, how I managed to attract the right people for my team from the outset. You can see if the very same idea will work for you.

We'll discuss interview techniques and I'll offer some alternatives, with good reason, to the typical question-and-answer interview across a table. In a recruitment interview, being able to see the real person is essential, and the method I developed really works for me. What if your new staff members just don't work out? You've tried them and they just don't have the skills you need to move forward. You do need to terminate the employment as quickly as possible—your success depends on it! Here, I'll provide some very basic tips on how to let the person go gently, and how you can be prepared for this eventuality.

Your other important team members will be freelancers and contractors. Based on my experience over the years, I'll provide my tried-and-true methods for contractor selection, to make things as easy as possible when you start contracting freelance staff. You'll need to know the areas you have to be tough on with contracted staff, to ensure that you're able to accept large projects in the future. We'll also cover the important details of remunerating and rewarding staff; in particular, we'll focus on pay, bonuses, and options.

As your company grows, so will your need for space to locate your team! In this chapter, we'll consider the nitty-gritty of finding an office. You'll receive detailed ideas on what to look for and why, what to avoid, and how to gain the best deal. It's all based on the

first-hand experience of a person who has been there and done that—me! Moving into an office was the catalyst for our business exploding, in terms of both staff numbers and revenues.

I'll finish off this chapter with a quick discussion of time management. The basic plan involves writing down the major things you have to do each week, those things that must be done. Then, we'll look at all the other issues that require attention, so you can identify your time wasters, delegate the tasks that can be done better by others, and start working on your business with all the extra time you have!

Physical expansion can have a wide range of implications for your business. There are many considerations: finding good staff, firing poor staff, buying office equipment, scheduling meetings ... we'll look at each of these considerations: staff, office space, and organization, in turn. Let's make a start on this most practical of chapters!

Considering Expansion of your Staff

The first consideration of many business owners, when they contemplate expanding, is hiring more team members. They put an ad in the paper, and they calculate how much business they need to generate in order to pay the wages.

However, there's more to growing your staff than that!

Hiring

Hiring people could be the single most important thing you do in the management of your business. Hire right and your business can grow beyond your wildest dreams. Make the wrong decision, and things very quickly become messy.

I've been part of a six-member panel that interviewed graduates. I've had a chat over a coffee with interviewees. I've re-interviewed people up to four times. I've even given people a job over the telephone, based on the recommendation of a friend. I've used employment agencies, I've used extensive newspaper advertising, I've tried Internet employment sites, and I've used the recommendations of friends and associates. I've spoken with employment experts, career advisors ... and my mom!

There's no secret to finding the perfect employee. And yet, recruiting the best people for the job isn't 100% luck, either. Here's what works best for me.

Finding Candidates

The person who manages my business is someone who was recommended by my brother. If he hadn't recommended her, then she wouldn't have even reached the interview stage. On paper she had reasonable skills, but she was very young, and her work experience wasn't extensive. As part of the team, she's simply amazing: despite her youth, she has a great business brain, strong work ethic, and manages a dynamic business effortlessly.

If, when you're searching for team members, someone you trust recommends a person for a role, then give that person serious consideration. The person you know and trust is likely to have similar values to you; therefore, in theory, so will the person they recommend. That fact is important, and reduces your search.

We've measured the cost of employing someone and having them not work out. If you employ that person for a month, the cost is close to \$8,000—at a minimum. It's an advantage if your choice works out the first attempt.

Having said that, there may not be a suitable recommendation to hand at the moment you need to find an employee. Other avenues to explore in finding candidates include using recruitment consultants, posting advertisements with detailed job descriptions and requirements on your own web site, and advertising on relevant job network sites.

What Should you Look for in a Potential Employee?

That's the key question.

Aside from the specific skills (for instance, it's no good hiring a programmer if you need an office manager), I've found that finding an honest and decent person is the best way to start. That's why the recommendations from relatives and friends are so important. These relatives and friends have a strong idea of your personal values. They'll know intuitively that the person they recommend will fit in well with you.

The only examples I can give are based on my personal experience. My brother recommended the daughter of a friend of his (let's call her Joanne—after all, that's her name) as my first employee. My brother knew Joanne, and knew her to have the values I was seeking in a team member. Despite not having the specific skills I was after, I employed Joanne, confident in the knowledge that she was a quick learner, very organized, and a very hard worker. I would continue to praise Joanne but I'm going to stop there—I don't want you ringing her up, trying to lure her to your business! That hiring decision was one of the best I could have made and has had major long-term benefits for the business.

Now, when you have more than one employee, you'll need to look for someone that shares the values held by the rest of your team. Those values might be honesty, a strong work ethic, or personal pride. They are not characteristics that you'll normally find on a job candidate's resume. Importantly, new people have to fit into the team culture. If they don't fit in, despite the skills they may have, it will be very difficult to make the situation work.

The biggest indicator of someone's future performance is past performance. Some employers suggest references should be carefully checked, but I've never read a bad reference, nor have I ever spoken to a referee who has said anything negative about a potential employee. I can think of numerous examples where the references have stacked up beautifully, but the candidate would be the last person we would ever employ! From my experience, a reference isn't really a good indicator of what the person is like. Take those references and resumes with a grain of salt. They are meant to look and sound impressive—it's easy to hide the truth.

How Can you Find the Truth During the Assessment Phase?

I've found that the classic, across-the-table interview is not successful. It's almost a game of, "You ask the questions, and I'll see if I can remember word-for-word the answers I've rehearsed for a week that I think you'll want to hear."

Though particular questions, like those included in the **Employee Interview Questionnaire** included on this kit's CD-ROM, can be helpful, you want to be able to observe the person in a *normal* situation. Unfortunately, the interview across the desk isn't, in my experience, going to allow the candidate that opportunity. The person will usually be nervous—in fact, I once made a person cry at the start of the interview by asking, "How are you?" They will be anxious. They will be trying their very best. The candidate's single goal will be to impress you.

If the candidates will be in a position where they'll have to work with others, then put them in a situation with their potential teammates and see how they interact. If the position will require networking, go out into a social situation and see how they react. Obviously, a typical interview may not give you the information you need to make a well-informed decision.

Why call it an interview? Why not just ask the person in for a chat? You just might gain a better sense of the person in an informal chat rather than the rigid and structured formal interview that recruitment theory demands. Many of the personal traits you seek, or wish to avoid, may only appear in this more relaxed setting.

Who Really Should Conduct the Interviews?

Quite often, I won't interview the person; I'll have the team from the office interview that person. My thinking is that the new employee has to work with those guys, not with me, so my team should do the interview.

It's almost certain that the interview will take place over a meal at the local café, not with the interviewee facing six sets of beady eyes across a shiny boardroom table. It won't be a 50-questions type of grilling. It will be more of a friendly, "Okay, so what have you done in the past?" sort of conversation. I might like the person, but if the rest of the team don't share that view, things will quickly become unstuck, and I know a harmonious working environment is critical to our success. For another perspective on multiple people conducting the interview, you might be interested in Joel Spolsky's article on interview techniques.¹

My experience has been that people who do their homework before meeting us have more success in the interview. It demonstrates that they have initiative. Ask the question in the interview, "Do you have initiative?" and 100% of candidates will say, "Yes!" But if only one out of 100 showed any initiative prior to the meeting, you have your answer.

I once ran a positions-vacant advertisement that asked people to send their applications to the executive director via email or post. For further information on our company, we directed the applicants to our web site. The web site contained a blurb about me, including my name and background, as the company's executive director. Of the 70 applicants, just two addressed the covering letter to Brendon Sinclair, Executive Director. The other 68 addressed the letter to "Sir/Madam." Now, there's a clue right there. You need to look for these subtle signs. Those two people had initiative; they had some sense to address the letter personally, and they took a risk in doing so.

Again, I'm sure candidates will say they have whatever traits you ask about, but the best indicator of future performance is past performance. I know that's repetition, but it's worth repeating when it comes to the important task of selecting employees.

Also, hire people who are smarter than you. Smart people will grow your business, they have the initiative to get things moving, and they create success—that's exactly what you want.

¹ <http://www.joelonsoftware.com/articles/GuerrillaInterviewing3.html>

Asking “Why Should I Employ You?”

I always ask potential employees why I should employ them, and I’ve always received a wide range of responses:

“Because I have initiative.”

“Because I’m a team player.”

“Because I have the skills you want.”

“Because I have a degree.”

This is an important question you need answered when you’re looking to employ someone. There mightn’t be any one “right” answer to your question, but their response *will* give you an idea of how that person sees the role for which they are applying. Their answer should be telling: it will indicate to you how confident they feel that they’d be the right person for the position, and how they perceive your business.

Granting the Position

You’ve selected your candidates, and you’re about to tell them they’ve won the job. Don’t do it!

I never tell the people I hire that they “have the job.” They never “win the position,” nor are they “successful with their application.” Instead, I say, “Thanks for your time, Francis. We would be delighted to have you working with us. Would you like to join our team?”

Being more of an invitation, I feel the people being offered the position immediately feel in control, as though they have a choice. Also, I hope, they take a step back and think, “Is this the job for me? Do I really want to work here?” This approach makes their employment with our business a decision that they make: it’s not just me telling them they have a job. As such, I feel that the candidates come into the company on a slightly different footing, thinking, “I made the decision to be here. I’m responsible for what happens here. This position will be what I make it.” It’s a much more pro-active start to the role, and one that can have a real impact on where they take their job.

Having said all that, I have discussed this approach with my own team. They tell me I’m demented. They were all so excited to get the job that all they thought was, “I got the job! I got the job! I’m a winner! Wheeee, I got the job!”

Don't forget to have a look at the **Confirmation of Employment Letter** included with this kit's documentation—it might just help you formulate your own. Also, upon hiring, have all new staff sign a document similar to the **Employee Confidentiality Agreement**.

Utilizing a Trial Period

You've searched long and hard, interviewed scores of candidates, and finally found The One—and they've said yes!

It's an exciting time. You want to indicate to these new team members that they are part of the team, and you want to make them feel as welcome as possible. Would it be best just to bite the bullet, take the risk, and put these new people on immediately as permanent employees? No, it wouldn't—trust me on this. That new person you've just employed will present beautifully in the interview; you'll probably be convinced that you have found a one-in-a-million applicant. Great! However, it's possibly not true.

I've found that I can usually tell if a person will be a great team member within a couple of days of starting work with us. For instance, I once said to a new team member, who'd been with us for a week or so, "Do whatever you want for the next couple of hours and we'll have a meeting at midday."

This person had plenty to keep herself busy. We tend to provide a lot of fairly easy work for new team members to do in the first week or so, so as to let the new recruit know that there'll always be plenty of work to do. For the next two hours, she worked on her taxes—not quite what I meant by "do whatever you want."

The point of all this is that no matter how people present in the interview, they may not be the best people for the job. The only way you'll find that out is through experience. To protect yourself, and your business, it is important that you employ your new team members on a casual basis. This gives you the opportunity to allocate work as required and, very importantly, to stop in an instant the employment of someone who doesn't provide you with excellent value.

Employment laws will vary from place to place. However, the employment of casual staff is common in most countries, and is widely accepted as a way to commence employment. Many organizations also contract a new person for three months as a trial period, with the offer of permanent work to be made after that if the trial were satisfactory.

Whatever agreement you come to, don't employ your new team members on a permanent basis until you've had a good chance to assess their suitability for the team. Your business success could well depend on it.

Firing

When an employee doesn't work out, it can be an unpleasant task to let them go. I've been on both sides of the firing line, if you'll excuse the pun.

People's jobs are very important to them for a number of reasons, not least of which is the income their jobs generate. Many people also find a sense of worth, and a sense of self, within their work; many, many people are defined by what they do for a living. When you talk with people upon first meeting them, often the very first thing that comes up is what they do for a living. Their job defines many aspects of self-image. To take this away from a person can be a traumatic event.

Having said that, I don't want to suggest for one minute that you shouldn't fire people. Near enough is never good enough! When you're working with others, don't accept second-best; there are literally hundreds and hundreds of people out there who will do a great job for you, at a good rate. You are in business, and your business success depends on building a team that can help you grow your business. To do that, you'll need the right people.

Business is too hard to deny yourself the best team possible. Don't ever accept second best. However, keep in mind that there are many ways to fire a person, and some are more appropriate than others. I've seen a previous manager of mine fire people in droves without giving their feelings or situation a second thought, or care about the destruction he wrought upon many lives. I've seen other managers hold on to staff to the detriment of their entire business, a mistake which ended up costing even more people their jobs.

It's my view that you need a bit of coldheartedness about you—as well as a bit of sensitivity—to be a success. As I've said, your business relies on the quality of the team you assemble. If a member of that team is not up to the job, you have no choice but to terminate their employment. Sure, you need to provide the right training and direction, but if someone isn't holding up their end of the bargain, cut them loose.

If the thought of terminating someone's job makes you despair, that's okay. Sensitivity and concern for others are wonderful traits—traits that we should all have. Yet, the time has come; for whatever reason, some employees need to be fired. It could be that they don't fit in with the team, it could be that they simply don't have the skills for the job, or it may even be that they have simply stopped performing for some reason.

How do you give the person the bad news? I have two suggestions that have worked well for me in the past.

Review their performance.

If you complete ongoing performance reviews with your team—and this approach is highly recommended—it should become apparent to both of you if the staff member isn't well suited to the position. If you perform these reviews every three months, it might be that you haven't yet completed one for the new employee. With many people hired on a trial basis for three months, it can be a simple matter to cease the employment.

Be honest, and be gentle.

The most common reason for firing someone is that you don't feel their skills meet the requirements to fulfil the position to the standards you expect. That's fair enough.

"I'm sorry, but I don't believe your skills meet the requirements we have for your position. We are going to have to let you go." Simple, honest, and sensitive.

"But why?" The usual question when someone has been told that their services are no longer required.

Be gentle here. If you have found the person is completely incompetent, lacks any sense whatsoever, and is a menace to all mankind, you must not say that, as tempting as it may be. The person who's being terminated will feel upset, maybe even angry, and probably fearful. You can ease the load on their mind by being sympathetic to their needs and by providing a gentle assessment of why the employment is being terminated.

Be firm, but recognize that this is a decision you need to make, and don't change your mind on the pleadings of the employee. It's rare that things change, and it's better to make a clean break while it's relatively easy to do so.

It's a tough, hard, competitive world out there, and you need to make the difficult decisions that will impact on your business's success. Make those tough decisions, but do it with heart.

Working with Freelancers and Contractors

We'll discover the wonderful world of outsourcing in the very next chapter, but we'll have a brief look at it here.

Your business is moving along nicely, and you've employed a part-time person or two to help with the flow of work that's rolling in. You've completed a few proposals lately, and even quoted \$30,000 for a job. That's \$22,000 more than the largest job you've completed

to date, but you were keen to have a go at this project, and you spent hours putting together your most professional proposal yet.

The phone rings, and you find out your bid was successful. You've won the job! What next? Often this situation might make you think, "What have I let myself in for? I can't do this!" You need help, and you need it fast. Finding the right people for the right job at the right price is critical. If you can accomplish this, you have the start you need. Freelancers are the answer.

To hire a top-quality person to complete the programming or design (or any other aspect of the job), you first need to identify who they are. It's a good idea to set up a pool of people before you even pitch for larger jobs, though that's not always possible.

I've mentioned the excellent competitions and community at SitePoint's Marketplace where you'll find fantastic talent available to help;² this is one great resource among many other sites on the Web that offer such services. As you network within your community, you'll meet other designers, programmers, search engine specialists, and more. Develop the relationships with these people in much the same way as you would with prospects. Keep in touch, take a look at their work, and generally assess what they do. You'll soon have a database of contacts for use in a time of need.

If you do have a group of people to whom you can contract work, then it's a simple matter of shooting off your brief and awaiting the response. If you don't have people at hand available to do the work, hit the phones, hit the Net, and find that person! With a huge range of sites now dedicated to matching contractors with employers, finding the right person can be as simple as a search, with results sent to you in a matter of hours.

Key Points

- Work out the method of interviewing and selecting candidates that works best for you.
- Don't hesitate to fire staff that don't work out, but do it with sensitivity.
- Consider carefully the option of contracting work out where possible.

Motivating your Team

Motivating your contractors and staff is a tough but essential element of the mix. We give bonuses to our staff on a regular basis—they work hard, and they should be rewarded for

² <http://www.sitepoint.com/marketplace/>

that. We do the same with our contractors. If the contractor is within the local area, the gift might be a six-pack of beer, a bottle of wine, or movie tickets. Our overseas contractors receive a bonus in the form of extra money.

It doesn't really matter what the bonus is—as long as it's a sincere “Thank you,” the recipient is always thrilled. We don't give bonuses all the time, but if we receive great service from a contractor, a “Thank you” with a little gift is a nice and decent thing to do, and it's a great motivator for next time. Give recognition with responsibility, and thanks for a job well done.

We often discuss projects with our contractors and try to identify how we can make life easier for them. As an example, our briefing sheet has been developed in close consultation with our contractors; they'll be the people using it, after all, so they need to have it provide all the information they'll require.

Remunerating your Staff

Paying staff isn't just about writing a check each month. There is tax to consider, along with benefits, retirement funds, and vacation time ... the list goes on! Let's take a deep breath, and look at each of these issues in turn.

Paying Wages

Most countries have in place employment laws that affect to some degree the wage to be paid to employees. Before you start hiring, you'll need to be aware of the complex industrial relations requirements that impact upon your business, specifically as they relate to your rights as an employer, and to your employees' rights. It's a good idea to approach various professionals to help find out the details you'll need to know—an employment attorney, for example, or an advisor in the relevant department of your government.

How Much Will you Pay?

You'll most likely be required to pay a minimum wage to any staff member you take on. Beyond that, deciding on a suitable wage for your new employee can be a delicate process. As you start out in business, taking on an employee will be a major step involving a range of risks. It can be a considerable burden to have to come up with wages each and every week, especially if the new employee doesn't generate any income in the initial training stages of employment.

Our method is to negotiate a fair wage with the candidate before we offer the position to them. The four main criteria we use to establish a wage are:

- what the minimum wages are
- what the candidate could earn elsewhere in the industry
- what other employees in the business earn
- how much money the person needs to earn in order to live

In each wage discussion, we ask the soon-to-be employee what they'd like to be paid. The answer, every single time, is "I don't know." This circumspect answer actually presents something of a dilemma. I appreciate that the person has applied for this job, and they know that they're on the verge of being offered the position. In many cases, they obviously feel some pressure to accept whatever is offered, just to get the job; also, as we've seen, money is one of the taboo subjects!

To negotiate the wage, we first benchmark the candidate against people who hold similar positions in comparable industries. Then, we discuss what other people in our organization are being paid, and what these same people were paid upon entering the business. The question of how much the candidate needs to earn in order to live is one I don't typically raise with the candidate themselves. I may mention it, however, if the person has financial commitments (paying a mortgage, for example) that I know about.

From this conversation, the person can develop a solid basis for an expectation of the wage that we might offer. I then ask them if those numbers are acceptable. If they agree that they are, then I make the offer of a starting salary that's above the minimum wage, and in line with the other criteria we've discussed.

Only after the person has agreed to the wage do we move on to talk about the bonuses that are generally paid if our business is successful. The realization that we provide bonuses exceeds the employee's expectations, and encourages them to feel valued and excited about working with us.



Looking After the Juniors

We've almost felt guilty at the extremely low wage that office juniors are routinely paid. Sure, they're not as productive or as valuable or as hard to replace as senior members, but the wage we can get away with paying them is incredibly low. We generally bump their wage up quite a bit from the award wage to ensure they make a decent amount. It's important to make *all* members of your team feel valued, not just the ones who make you the most money.

If the numbers we discuss are not in line with the candidate's expectations, we continue the conversation until we identify what those expectations truly are, and what criteria they're based upon. If I feel the candidate's expectation is unreasonable, I'll certainly say so. I'll probably make a comment along the lines of, "The wage you're suggesting is not consistent with our assessment, nor is it within the range we're willing to pay."

It's a tough, harsh business world out there, and the level of competition for an entry-level position with opportunity for advancement is fierce. As the employer, you do hold the upper hand; that said, be fair and equitable now, and you'll have a valued and valuable employee later.

Discussing Payroll Practicalities

Dealing with the staff payroll is exactly the same as dealing with payments to contractors. You must adhere exactly to the agreement you've made with the employee. If employees are to be paid every Friday at 10.00 a.m., you must pay them then. Not at 10.30 a.m. or even 10.05 a.m. Before 10.00 a.m. is the only other time that's acceptable. This is an absolute. Why? The moment you're late with payment is the moment you lose the confidence of your team.

Make that pay agreement iron-clad. Our system works like this. Pay sheets, denoting that amount of time worked, along with incidentals (such as overtime) must be turned in by all staff members by 5.00 p.m. on Thursday. The paperwork is completed the following morning, and the wages are transferred via Internet banking into our team members' accounts that afternoon. Our agreement with the team says that they must allow two working days for the funds to clear into their account, although, in reality, the funds are always available the next day.

If the pay sheets are not provided on Thursday, our agreement with the team is that the pay will not be processed until the following week. Again, this delay has never really been enforced. If a pay sheet is delivered late, we do whatever it takes to ensure the team member receives their pay on the Friday.

Although we have the agreement with our team, common sense must prevail. An unpaid employee is not a happy employee!

Rules and Regulations

Keeping up with the various regulations associated with hiring staff is almost a job in itself. You'll need to maintain perfect records, and comply with all the relevant government employment and payroll requirements. These might include tax deductions, retirement

fund or superannuation contributions, vacation entitlements, sick leave entitlements—to name but a few!

You'll need to be familiar with, and thoroughly understand:

- minimum wage requirements
- contracts
- knowledge regarding hours of work
- taxation requirements
- leave entitlements (more on these later)
- additional employment provisions (such as the procedures to be followed in the event of an industrial dispute)
- termination requirements
- record keeping

You'll also need to be prepared to account for, and work around:

- long service leave
- compassionate leave
- public holidays
- maternity and paternity leave
- confidentiality agreements
- termination clauses



Getting Help from your Government

Employing a staff member truly is a major step in your business's life cycle. As difficult as this all may seem, there are entire government departments that have been set up to help you, the small businessperson, succeed:

- In the US, visit the Department of Labor web site for information:
<http://www.dol.gov/>.
- In the UK, visit Directgov: <http://www.direct.gov.uk/>.
- In Australia, visit WageNet:
<http://www.wagenet.gov.au/WageNet/HomePage/HomePage.asp>.

After all, small business is the cornerstone of most economies, and governments, despite taking a nice chunk of your income in taxes, are actually there to help. Use the enormous resources that are available to you.

Acknowledging the Importance of Records

I can't stress enough the need for you to maintain clear and concise records of employment, taxes, and all the rest. Many of the aspects of paying employees, such as the deduction of taxes from wages, the provision of health insurance benefits, and employer contributions to superannuation, pension schemes, or retirement plans are required by law. Clear, up-to-date records are essential.

It's also a good idea to keep detailed records on leave entitlements, correspondence, staff turnover, changes in employment agreements, alteration to rates of pay, workplace insurance details, workplace injuries, and more. In fact, every aspect of business that might impact on your employees should be documented as a matter of course.

Now, while this kit can't be country-specific, the basic legal implications of hiring staff remain the same regardless of your location:

- Find out about the employment laws and regulations with which you need to comply.
- Seek as much assistance as you can to help you understand your responsibilities as an employer.
- Comply with all the laws, regulations, and official expectations you need to.
- Keep impeccable records.

Considering Taxation Issues

This section of the kit wouldn't be complete without a brief discussion on the issue of taxation. Taxation is complicated and varies greatly from place to place. It will affect every area of your business, and it can be very difficult to keep up with the ever-changing requirements of local taxation law.

The need for a specialist tax advisor is obvious. Seek the assistance of a professional when considering what sort of business structure you need to set up, as well as in ensuring that you comply with all the relevant taxation laws.

Again, it's imperative that you know your exact obligations under the taxation system within which you operate. Failure to meet your obligations almost always results in heavy financial penalties, which only make it harder for you to succeed. As a businessperson, you don't want to have the payment of unnecessary fines reduce your chances of success, so ask advice wherever you can. Your government is a great place to start, but also consider seeking help from your lawyer and accountant.

Make it easy for yourself and find out what you need to do to comply with the relevant regulations before you start hiring. It'll save you a lot of hassle in the long run!

Rewarding your Staff: Bonuses and Options

In Chapter 14, I briefly mentioned providing bonuses to contractors as a form of motivation. Here, I'd like to talk about providing monetary bonuses, and equity or options to staff members.

Sharing the Spoils

New recruits to our team are employed initially on a casual basis, where a letter of agreement establishes the terms of employment. Once the team member moves to permanent employment status, we sign a new letter of agreement. The wage, benchmarked against similar positions, is agreed upon, and everyone is happy.

But should you give your team bonuses? Good question. My answer is this: based on my experience, you're a crazy, demented person if you don't provide bonuses! Providing our team with bonuses, which range from cash to movie tickets, massages, beauty treatments, whatever they'd like, has had a tremendously positive effect on the team, on the office morale, and on our productivity. Our team knows that if business goes well, they will be rewarded. If the team has a bad week or month, they know they won't earn anything extra. Simple!

Or is it? While the basics might be a cinch, deciding the what, when, who, and how of bonuses can be very difficult. Let's say a team member works extremely hard on a project for a month and it's an outstanding success. At the same time, though, the entire business performs below expectation. Should we give a bonus to that hard-working team member alone? My initial answer would be "No," although I admit it doesn't really seem fair. My rationale is that the business needs to be going well before any bonuses are provided. Or what if a team member attracts \$30,000 worth of business in a couple of weeks from contacts she has developed in her social life? Should we reward her and her alone? My answer there would be "Yes," provided the business can afford it.

It's important to make clear to your team that if their actions deliver a measurable benefit to the business, they will be rewarded. I know that the way we distribute bonuses will be inequitable because of this. After all, if I find a super salesperson that brings in \$100,000 worth of business each and every month, I'll be rewarding that person all day, every day. It's a little harder for a receptionist to generate \$100,000 in sales a month and, even though the receptionist might be working just as hard as the salesperson, it's tough to measure the impact of their work.

Due to this imbalance, our business has looked at paying salary-based bonuses upon the meeting of sales budgets, but even that can be inequitable at times. If we were set for a great year but were derailed by a major event out of our control, then the bonus wouldn't kick in—and I can't think of a more demotivating force than that.

We continue to search for fair ways to provide bonuses that allow everyone in the business to share the spoils. I'll put a small proviso on that, however: our bonuses are and will be paid to those with a satisfactory performance review.



Reviewing Performance

We hold performance reviews on an ongoing basis: it is critical that staff receive feedback. A review enables your team to see where they're at, and how you want them to proceed. Maintaining solid communication with employees goes a long way towards a successful review. However, a performance review comes with dangers; it can be very confronting for an employee—or employer, for that matter—and it's crucial that any criticism is conveyed in the most constructive, respectful, and sensitive way possible.

A review needs to:

- Identify the purpose of the review.
- Recognize the employee's positive contribution.
- Motivate the employee.
- Provide constructive input into the employees' performance and provide them with the tools and methods to facilitate any required improvement.
- Develop goals for completion prior to the next assessment.

There is a **Performance Review** template provided in the Documents folder for your use.

Sharing Ownership

This brings us to the question of sharing **equity**—or ownership of the business—with your team. Should you, as the business owner, share the spoils of success? Should you provide your team members with some kind of ownership of your business?

My own experience is this. I've worked hard for years to grow my business to the point at which it's successful. I've worked seven days a week for 16 years to learn the skills and gain the experience and expertise that I now sell. Should my team enjoy part ownership of this? The answer for me is *yes*.

I want to continue to grow my business, and to do do this I need a talented and motivated staff. What better way to keep my team motivated than to give it part ownership? Each team member feels that they are really part of the business now, and they work very hard as a result. Imagine what it will be like for the business when we're all stakeholders, and we all share in the equity of the business. Wow!

The difficult part for me, and I'm dealing with this issue right now, is how I balance giving equity to the team, while ensuring the business receives the maximum benefit in terms of longevity of service and productivity. My initial assessment, after talking with the team, was to allocate each staff member a percentage of ownership subsequent to their reaching milestones in terms of the years they'd spent with the business. However, this solution carries the inherent risk of the team member leaving before that period of time is reached.

We then decided to provide each team member a percentage of ownership, with subsequent increases in ownership tied to that person's length of service, and their achievement of various professional and business milestones. What that means is that individual team members can grow their equity in the company according to the ongoing success of the business, and the successful achievement of their own key performance indicators.

But will it work? I have no idea. My gut instinct tells me that it will, but much will depend on the team members we recruit. I'd like to think that the potential increases in productivity and profitability that result from the increased sense of ownership will more than make up for the dilution of my own personal equity in the business. After all, I figure that it's a capitalist business—why should it be a capitalist business for me alone?

To grow the business the way we want, we need our people to be self-managing and self-motivating. Otherwise we'll be going through the same motions of most other businesses—and (as I think I've already mentioned!) many of them fail.

Key Points

- Research, understand, and meet your legal obligations as an employer.
- Reward staff with bonuses and options where deserved as a great way of motivating them.
- Negotiate a fair wage, not the bare minimum, for all staff, including the juniors.
- Offering team members equity in the business can have a significant impact on their motivation and productivity.

Finding an Office

Moving into an office is a big decision to make. A thorough assessment and review is necessary to ensure that it's the right decision for you, and that you gain the biggest benefit possible from the move. Now's the time to pull out the calculator and start looking at those numbers again.

First, there's the rent, then the security deposit, electricity, and telephone lines. You need to install high-speed Internet access. Desks, computers, chairs, reception table, pictures for the walls, bookcases ... the list goes on. Add them all up—see what you need, and what you can afford.

If you can, do it. When we first moved into offices, it was a fairly anxious time. I remember wondering whether we had made the right decision in taking on the extra overhead. It was just me in my office, and Joanne in her office. We closed the doors of the two empty offices and boardroom, just so we didn't see the extra space we weren't using.

It's a risk, but with the right review you can minimize that risk. As soon as we moved into offices, the business exploded. We very quickly had more business than we could handle, and those empty offices weren't empty for long! This was, I believe, partly due to the fact that there was a perception of greater professionalism attached to the business once we had physical offices, but mostly because our productivity rate went through the roof.

Location, Location, Location

Let's start the assessment by saying you need a good location. For a web development business, a good location might take into account:

- convenience for clients
- convenience for staff
- proximity to business centers
- parking considerations
- neighborhood businesses
- general ambience of the area

With web businesses, it's likely that some of your clients may be across the other side of the world, so they may not ever see your offices. However, the majority will almost certainly be located within 50 miles of your business's location.

Your office should be convenient for your clients, and a convenient base from which you can generate more business. If you had a choice between going into an office block with umpteen other businesses and going into an office sitting out by itself somewhere, the better choice would probably be the office block. You will not only find new business if you're located among those other businesses, but you will also benefit from the opportunity to discuss small business management issues with the others. People with businesses love talking about business.

Don't forget the convenience for yourself and your team. It would not be very effective if your place of business is an hour's drive away from your home. It can be done, but I'll bet you'll be a lot more efficient if you are only a matter of minutes away: after all, you'll have two extra hours at your disposal each day!

Review the area surrounding your potential office very closely. Are small businesses moving in? What's the average age of residents? Is there much crime in the area? Are there plenty of good cafés, bars, and restaurants to provide places for you to grab lunches, meet with prospects and clients, or to hold the occasional staff party?

Once you have narrowed down the general area, you'll need to select a fairly specific location. Again, look at the immediate area. What are the local businesses? How long have they been in the area? Do they look prosperous?

Types of Office Locations

Different locations can provide different benefits (and drawbacks). Here's a few:

shopping centers and malls

The advantages of moving into an office in a shopping center or mall include huge walk-past traffic, excellent visibility, usually a high-level promotion of shopping center by its owners, and great parking.

However, the two big downsides—the huge amount of rent and the fact that people don't often buy web development on impulse—discount a shopping center or mall as being the ideal place for your office.

office block

What about a neighborhood office block, or group of offices, which usually have a large number of small businesses sharing the space?

This option could be okay. There's a reasonable number of people in the area, the rent is usually bearable, and it's usually in a convenient location for many people. The parking can be tricky, though.

Get the idea? The point of this comparison is to start you thinking about the factors you'll need to consider when reviewing offices. Here's a checklist of those issues:

- general location
- specific location
- space available
- space required for growth
- population of the local area
- demographics of the local area
- competition
- facilities—banking, postage, office supply stores
- convenience for clients
- convenience for you and your team
- cost
- compatible neighbors
- transport facilities
- parking facilities
- building exterior
- office exterior
- office interior
- signage opportunities
- lease requirements (term, cost, options, permitted uses, ability to assign the lease to another person)
- infrastructure in place (telephone lines, Internet lines, and the like)

There are some people who know exactly where you should have your offices. These people are those sneaky people who know more about your business than you do. And no, it's not the tax man I'm talking about, it's your clients! Your clients will very happily tell you where you should locate your office. This is a positive for a couple of reasons:

- You are talking with them and finding out their opinion. It's a great idea to involve them.
- They're usually in business themselves and will have a good idea of the best places you could move to.

Now that you've identified an area, it's time to start looking. Jump in the car and drive around. Search for those for-lease signs, talk to realtors, and generally get out and about. I found our offices by looking at a site I was told was empty, meeting the departing tenant on the stairs, and being directed to her old offices, which were perfect for us.

The beauty of a web development firm is that prospects and clients will generally not select your business based on where your offices are situated. Many retail businesses rely on people who live within a five-mile radius for the bulk of their income, but that's not so for a web developer. You aren't limited to sourcing clients from the immediate area, and you certainly don't need to be in a high-profile location to make your business a success.

With many businesses, it's all about location, location, location. With a web development business, I believe it's about marketing, marketing, marketing. While it's worth considering carefully for the reasons I enumerated above, position isn't of ultimate importance to your ability to attract clients.

Understanding the Lease

Okay, so you've found your perfect office. What now? Well, I'd suggest you grab the proposed lease and make sure you read and understand every single bit of the contract. Consult a lawyer for advice on the meanings of the various clauses.

The main aspects you'll want to know are:

- What is the length of the lease?
- What are the options on the lease? When the term of the lease expires, do you have the first option to renew the lease? Also, at what price and for what length of time can you renew?
- What is the rent?
- How can the rent be increased? Rent increases are typically based on statistics such as a percentage of turnover, a percentage of profit, based on the Consumer Price Index, or simply as agreed.
- Who pays the utilities, which might include garbage pickup, property taxes, and more?
- Can you sublease the premises to anyone else? If business goes bad, this can provide you with the opportunity to lease the premises to another party. Out of the four businesses in my building, two failed within nine months of opening. The offices are currently empty, and though they're not needed by the failed businesses, the failed business owners are still paying rent on the empty offices. There's not a thing they can do about

it! If they could sublease the offices, that would at least ease the burden on their finances.

- Do you need to take out insurance on the office?
- Who is responsible for the legal costs and government taxes associated with the lease?

Read and understand all the details. If this is the first office you've ever moved into, the process can be tricky. You want an office that's big enough to accommodate you and your team as you become more successful. However, you don't want to take on an office that is too big, and adds too much to your overhead. You must find the balance. Be objective—don't fall in love with an office, don't assume you'll grow quickly, and you don't have to apply for the first one you see.

Conducting a Cost Comparison

Once you have the nuts and bolts of the lease sorted out, you can take a very close look at the numbers. Most offices are rented out on a square foot/meter basis. Then you can add in the overhead. With those numbers you can analyze the exact square foot/meter cost of the office.

Conducting this process provides an excellent basis for comparison. Don't look at just three or four offices and compare this way—look at ten or 20 offices, and compare their value on this basis. You won't have physically to drag yourself around all these locations—a quick telephone call or web search will be enough to secure the information you require.

A comparison chart will soon reveal the differences. For example, you'll find that a street frontage retail store will have a much higher square-metre cost than an office in a suburban strip. Plush offices will cost more than modest offices. An office above a pizza shop, like ours, might well be a fraction of the cost-per-square meter of an office in the business center of a major city.

Obviously, the cost-per-square meter isn't the be-all and end-all. You need to factor in aspects like street access, parking facilities, security, signage potential, convenience for your clients, general appearance, state of repair, and other pros and cons of the offices you consider.

At last! The numbers look good, your lawyer has reviewed the lease, and everything seems fine. The office is perfect for your needs. What next? First, as I've mentioned, don't fall in love with the first office you see. There are plenty around, so make your decision with your head, not your heart. Don't jump in and pay top dollar. Start the negotiations: "Yes, this office would be good for us. It's really a little out of our price range, though. It's about

\$200 per month too much. We can sign the lease today and pay the deposit if you can make it a little less.”

That’s just an example, but I hope you catch the drift that you want to negotiate the lowest possible price. By looking at plenty of offices you will, with any luck, have established that there are many offices available, and that you have options. From there, it’s simple. You’ll find an office within your price range, gain the best deal, make sure you understand the lease (and have escape clauses—like the ability to sublease), have options on the lease, and move in! Good luck!

Key Points

- Seek advice from your own clients about where you should base your office.
- Draw up a complete analysis of your office needs.
- Select with your head, not your heart, and shop around for the best price—conduct cost comparisons.
- Make sure you understand your lease commitments before you sign—and ensure that you have an escape clause.

Organizing for Expansion

I mentioned earlier in this chapter that once my business had moved into its offices, our productivity soared. This happened for a couple of reasons.

The main reason for our productivity increase of at least 100%, was that we were in the office, so we devoted all our time, focus, and energy to working, instead of being continually distracted by the goldfish in the corner of my back bedroom. No longer could I skip off and have a coffee with someone who called in to see me at home. No more could I stop work when I felt like taking an afternoon swim. Moving to an office saw an end to constant interruptions about non-work issues.

In addition to this, I had a daily plan. When you become organized and plan your work time, you can get a lot done, as I found out to my great benefit! Here’s how I did it. First, sit down with a diary, or a calendar, or a daily planner; it doesn’t really matter what means you use to document your day, as long as you do it. Start thinking about what you achieve at work, and what the distractions are that keep you from being your most productive.

As we saw back in Chapter 7, the first distraction I identified was that constant telephone calls were reducing my efficiency a huge amount. I measured this and found that I was taking about 22 telephone calls a day, and that each would average around five minutes in duration. That's almost two full hours on the phone each day! Aside from the time taken, the problem lay in the fact that the calls would take my focus away from whatever it was I was doing. I'd usually deal with whatever issue the call raised, and then return to where I'd been before the phone rang. Taking the telephone calls, and dealing with the issues they raised, was costing me half my working day.

The first remedial action I undertook was to instruct my staff to take all my telephone calls and only put through to me the very urgent ones that only I could deal with. All callers are informed that I'll return their calls between 3.00 and 4.00 in the afternoon, which I set aside time to do every day.

I took the same approach to email, as I receive up to 70 emails on an average day. Instead of leaving my inbox open and beeping every few minutes upon the arrival of a new message, I deal with email first thing in the morning and last thing at night, and deal with messages as required. This tactic has cut my email workload down from at least two hours a day to around half an hour.

There are three important ways to aid your organization and increase your efficiency.

Identifying your Major Priorities

Decide what the important things in your working week are, and write them into your diary now.

Monday mornings are for our staff and management meetings. Tuesdays are my appointment-free days: I review our marketing strategy for the coming week in the morning, and in the afternoon I review the budgets. Wednesday mornings are set aside for staff training, and I have a regular massage appointment at 1.00 p.m.

The point is this: write down the major tasks you have to complete each week. Put them in your diary, and make them rock-solid, 100% guaranteed times that can't be changed, swapped, or altered in any way. It's easy to cancel staff training when there is so much work to be done. Before you know it, you haven't had any staff training for three months and your team is becoming stale. But now that they're written down and you've committed to them, those very important aspects of your business management will be done.

Writing Down Critical Aspects

You've written down those critical tasks that are not to be changed. Next, write down the important tasks you want to do during the next week. Maybe you want to send out a company newsletter, or have lunch with a possibly influential contact. Maybe it's finishing a business plan. Whatever they are, write them down. Make a time to do these tasks—and stick to it!

Managing your Time

Being organized has amazing benefits. If you can identify areas in your life that can be altered to minimize the time you waste, that's an excellent thing to do!

My day doesn't start until I've read the morning paper—I read it first thing when I arrive at the office. The nearest news agency is a five-minute walk from the office, so, by the time I walked there and back, as I used to do, it was taking me ten minutes a day to buy the paper. That's 50 minutes a week, which works out to an incredible 43 hours each year—an entire working week—before I even scanned the headlines! The fact that the newspaper is now delivered to the office has given me an extra week at work each year—and the annual subscription saves money as well!

This isn't a list of goals you're working on: this is a list of actions you need to take to achieve your goals. I hope you'll soon discover that, as you work through the major actions you've documented, there are a lot of unimportant things that we cram into each day. Spend less and less time on the unimportant things.

Finally, don't be afraid to delegate! Remember, anything that someone else can do better, faster, or cheaper should be delegated. It frees you up to focus on working on your business, rather than in it. As you get into that routine, your business will really start to thrive.

Key Points

- Plan out each day, taking care of the big issues first and then working down.
- Identify your time wasters.
- Delegate what you can, when you can.

Summary

Hiring employees is one of the most critical aspects of growing your business. In this chapter, we've identified that perhaps the traditional route of question-and-answer interviews won't meet your needs. The way you review and analyze your potential employees is a personal matter and you need to find the way that best suits you.

Keep in mind that the best indicator of a person's future performance is past performance. Just because a person says they have the skills you require, that doesn't mean it's true. Take a close look into their background and see if you can identify the tell-tale signs that demonstrate the skills you require.

We've also touched on the importance of new recruits fitting into the team. As your business grows, so will your team. We mentioned here how recommendations could hold the key to identifying candidates with the same values and character traits as you—and what this means in the assessment process. Perhaps your team is better suited to interviewing potential employees than you are. Assess the culture of your business and select the absolute best person for the role. We established through this chapter the importance of terminating the employment of a staff member who doesn't work out as quickly and painlessly as possible. The damage that an unsuited or unhappy employee can make on a business is substantial—you have to act quickly, and always in the best interests of your business. Be honest, caring, and sensitive when you deliver the news.

Finding an office can be a costly and difficult exercise. With our detailed analysis of what to look for, you're now a step ahead. Avoid the pitfalls, select an office to grow into (but also one to escape from if need be), and use the assessment list provided here to reduce your expenditure as much as possible. Be prepared to negotiate.

To finish off, we touched on planning. When I moved from a home office into a commercial office, my productivity skyrocketed. Why? It all came down to time management. Follow the advice of documenting and attending to your major priorities every day (without fail), identifying and freeing yourself from time-consuming tasks, and delegating what others can do better, faster, and cheaper. If you implement these ideas, you'll have more time on your hands for working on your business, rather than in it.

In the next chapter, we'll look in more detail at the joys of outsourcing your work for greater profits.

Chapter 18

Outsourcing for Great Profits

I've mentioned **outsourcing** many times throughout the kit, and it can be such an enormously powerful way to grow your business that I felt it deserved a chapter all to itself. After all, the power of leveraging is used extensively in many industries, and its successful implementation in your web business can multiply your efforts with ease.

Find the right people, set up the right system, and away you go. It sounds simple, but the reality can be quite different. I've outsourced for years and had some fantastic experiences and some truly awful ones.

In this chapter, we'll define outsourcing. We'll consider its advantages and disadvantages. We'll look at where you can find contractors to help your business. I'll offer some tips on how to assess their suitability, and then talk about the best sort of brief you need to give them. I'll teach you how to avoid the mistakes I've made. Then we move on to start the process of working together. As you might know or imagine, sometimes things just don't work out in life, and you will not be able to move forward with a particular contractor. I'll provide you with the must-do protective step to avoid the fallout from a failed working relationship.

We'll then see how to manage projects once you've developed relationships with a number of contractors. My biggest piece of advice here is to select one of the project management software solutions I recommend and start using that. Your project management life is a lot easier with the right tools, and you'll find it an extremely effective means of ensuring the very best in terms of collaborative communication and work.

Then we finish off with some strategies and pricing strategies to make sure you stay well in the black with scope for strong growth.



Outsourcing isn't for Everybody

I'll start off this new chapter by stating the obvious: outsourcing isn't for everybody. Some people just don't like outsourcing, for a variety of reasons; they like to do the work themselves, find the management of contract staff too difficult, or have been put off by one or two bad experiences.

Then there are others who swear by outsourcing and view it as the path to significant profit and growth. I'm one of those guys, but there are a few hurdles to overcome on the road to success.

No one makes a fortune working for themselves—it's always about leveraging what you have or what you offer in the most effective way.

Defining Outsourcing

So let's take a look at outsourcing by first defining what we mean when we use the term. By outsourcing, I mean paying someone else from outside of your business to complete a task or project. It is usually done to:

- access skills and services not available internally
- increase the amount of work completed by your business, which translates to more income
- cut costs—think of Indian call centers, utilized by all sorts of large companies, as the classic example of cutting costs via outsourcing

The person or firm you outsource to can be a friend who does the work, or someone you find through a contract service in your town, or someone further afield that you find after posting your project on one of the many sites (such as Elance, SitePoint, and Scriptlance) that cater for just what we're talking about here.

Counting the Advantages of Outsourcing

The way to outsource for big profits is by leveraging.

That is, instead of you slaving away and completing one site for \$5,000 and making \$2,000 profit per week, you can complete three \$5,000 sites and make \$6,000 profit per week. Then, with your new systems in place, you generate more and more business—happy clients help you along by referring more prospects to you. Now imagine completing five

sites per week: all of a sudden you've soared from \$2,000 to \$10,000 per week in profit. The secret to this—the secret to outsourcing for big profits—is leverage.

Leveraging is what makes millionaires. You know the impact of effective systems on increasing the effectiveness of your business. Systems that enable you to contact 100 prospects a week instead of ten. Systems that enable you to meet 20 prospects instead of five. Systems that enable you to complete 10 projects per week instead of one.

By way of example, let's say you charge your firm's time out at \$100 per hour. It's only you in the business and you work eight hours a day, five days a week. That's \$4,000 per week. But if you contract another person and charge them out at \$100 per week and only pay them \$50, then you have \$8,000 per week coming in and \$2,000 going out: you've just increased your income to \$6,000. Then you gain a few more contractors at \$50 per hour: now you have four people at \$50 per hour being charged out at \$100 per hour.

That's four contractors at $\$100 \times 8 \text{ hours} \times 5 \text{ days} = \$16,000$ in. Your pay to them is \$8,000 per week. Now you're up to \$8,000 profit per week; add to that your \$4,000, and you have \$12,000 per week.

Now this is basic stuff, but it's the key to big profits. With ten quality contractors, you can get ten times the work done of one. With your minimizing the risk through good management, you reap the profits of ten jobs being completed. In theory, you'll make ten times as much! So let's take a more in-depth look at the advantages of outsourcing:

Access wider skills and services.

The ability to access skills and services not available internally is a huge advantage. A simple enough example is that, whether you're a designer or programmer or usability expert or search engine optimizer, you simply can't possess and offer every single skill your client needs.

Let's say you're a web designer. You make great-looking web sites that your clients love. You're also aware that the copy on the web page is very important and can increase sales of the site's product very substantially. Your happy client asks you what they should do about getting effective copy on the web site to help increase the conversion rate. You're faced with the following options:

- doing it yourself
- employing a copywriter
- referring the client to someone else
- outsourcing the project

You know you're not such a great writer, and you don't want to provide a poor-quality job for your client. It's only a one-off copywriting job, so the demand isn't there for you to employ a full-time copywriter. You don't know anyone to refer the client to, and you don't want to lose control of the client.

So that leaves you with the outsourcing option. By using the resources I'll mention shortly, within a few short hours you'll have a range of quality copywriters either pitching for the writing job, or you'll have your brief meeting with a couple of experienced copywriters you've used previously. The next day, you'll have some solid quotes from quality writers and will be able to quote your client for copywriting services. The client is thrilled.

Not only do you make more money from the healthy management margin you added, but you also:

- build the relationship with the client by meeting their needs
- develop the relationship with the copywriter—next time you need a writer, they'll be there
- keep control of the client
- expand the service offerings of your business for the future

Improve the quality of what your business provides.

As a web developer, you need to be trying to provide the absolute best solution for your client. Let's say you have developed a great site for your client: it looks great, loads quickly, has great copy that converts, and generally works well. Problem is, the site only gets ten visitors a day. Those ten visitors per day all love the site, and 30% buy the product.

Some visitors find the site through the search engine strategies you have implemented, but you're just learning and you know the quality of what you're providing your client could really benefit from a search engine optimization expert. So you find a search engine expert, let them loose on the site and within a few short months you're well ranked for your major keyword term and instead of attracting ten visitors a day, the site receives 500 visitors a day. Your conversion rate holds at 30%, the site now makes 150 sales per day, is a huge success, and you're now well recognized as the person who provides a top-quality site.

Increase the amount of work completed by your business.

Increasing the amount of work your business can take on means more money coming in. In a nutshell, this is the main benefit of outsourcing.

Many hands make light work—and many hands also means more work can be done. With increased hours of work or projects being performed, obviously your income will grow. Instead of you slaving away to complete one site a week for \$5,000 and making \$2,000 profit per week, you can complete three \$5,000 sites and make \$6,000 profit per week.

Cut costs dramatically, allowing greater profit.

Let's say you employ a web designer at a salary of \$50,000 per year. There are the associated costs on top of that \$50,000—health, insurance, holidays, sick pay, and all the rest. Then they need a computer, and software, and an ergonomic chair, and a staff room with a coffee machine in it. You get the picture—the costs go on and on, long after you pay their salary. Employing a full-time worker is expensive.

However, if you only draw upon those skills at the time you need them, you can cut your costs. The competition amongst web designers for contract work means you can cut those costs sometimes by a very, very significant margin.

Counting the Disadvantages of Outsourcing

Of course, as great as the benefits of outsourcing are, there are some disadvantages—otherwise everybody would be doing it.

Here are the major disadvantages I've found over the years:

legal issues

You'll often incur legal fees in drawing up a contract; also, it's extremely difficult to get legal satisfaction should your contractor be in another country. Laws differ from country to country (and state to state), so you need to make yourself aware of the relevant laws in the area in which you are operating in addition to the laws that affect the contractor you are engaging. Be aware of the difficulties involved in commencing legal action against another person or company in a foreign country.

Another constant legal concern we battle against with our web designs is copyright infringement. We occasionally use web design contest sites (like SitePoint's contests) and have had issues where the designer has assured us the graphics used in a design were free of any copyright restrictions. It is very difficult in many instances to verify copyright ownership, and we rely to a large degree on the honesty of the designer. On more than one occasion we've discovered that an image has been used without the permission of the copyright owner and we've been liable for additional costs. With the benefit of this expensive experience, we now insist that the designer undertake to

guarantee that images used are copyright free, and to be liable for payment of any images found to be otherwise now or in the future.

confidentiality and trust issues

It is often necessary for contractors to be provided with a whole range of confidential information regarding the client and the client's business. The question is: can you trust them with that information? Sure, you'll protect yourself legally as best you can, but sometimes you simply can't cover all the bases of a sneaky and dishonest contractor.

Is the contractor trustworthy? I've had my own contractors go to my own clients behind my back and attempt to undercut my project quotes, as we saw in the case of Jacqui in Chapter 4. Conversely, I've had contractors deal with large-scale ecommerce sites with no problem at all.

Along with whatever legal protection you can implement via confidentiality agreements and the like, it's critical to undertake a comprehensive risk analysis of each person whose services you will engage. As the web developer engaged to provide the service to your client, you are responsible for all aspects, and that includes the actions of any contractors you engage.

A contractor isn't always the right person for the job.

control and quality assurance issues

With international time zones, other work the contractor might have on, and language issues, you always lose a little control with contractors. You can lessen this with the right management, but it's not the same as having a paid employee sitting at the desk beside you.

After all, you don't have the same level of relationship with a contractor as you do with your own staff. Their goals and your goals will be different—and because of that you lose a fair bit of control over quality and project completion time frames.

Some Case Studies

So far we've covered what outsourcing is, and taken a look at the advantages and disadvantages. Let's take a look at a couple of personal experiences I've had over the years:

Example 18.1. Too Busy for New Clients

A client came to my business for a new web site. It was a busy time of year, and we were flat to the boards just keeping up with demand. We provided a quote, entered a design contest brief on a SitePoint contest (where designers quickly design web sites in an effort to win the competition you have set up), and within days we had four great designs for the client to review.

We paid the contest winner for the design and then did our backend coding.

- The client was happy as he got a nice design.
- The SitePoint entrant was happy as he made some dollars.
- I was happy because I'd just bought myself an extra week or two of time *and* I'd made a chunk of profit on the design.

Also, very importantly, we gained a new designer whom we could trust and use on subsequent projects.

Example 18.2. Losing Control

A client approached us needing a project completed quickly. I contacted a contractor I've used previously and of whom I'd formed the impression of being very reliable. We fully briefed our contractor; he accepted the job knowing the urgency, and agreed to the time frames. We assured our client the job would be done. Now, take your pick from this list of excuses:

- Internet connection was down
- email wasn't working
- had to reformat hard drive
- had to drive a sick relative 200 miles to hospital
- became ill and was bedridden for one week

No matter which one you picked, you'd be correct. This contractor used every single one of those excuses to explain why we didn't hear back from him, despite repeated emails, phone calls, and instant messages. Our client was disappointed and angry, we were disappointed and angry, and our contractor couldn't have cared less.

But like I said earlier, the right sort of management can help you to avoid those problems, and provide you with an alternative way to generate greater income than what you could do alone.

Charging Plenty

Now, here's my other secret for making big profits with outsourcing: charge a *lot*. I know it sounds a bit obvious, but get your head around charging a lot more than your contractors charge to do the actual work. By a lot more, I mean five to seven times more, sometimes even more than that.

I've come across many people in my travels that have difficulty understanding the commercial nature of business. These people equate higher prices with ethically wrong practices.

- They see getting the client as the easy bit and don't attach any value to it.
- They see managing the client as simple and therefore not worth charging for.
- They see making a healthy profit as somehow exploiting the client and damaging the web development industry.

I've often quoted clients over \$5,000 for a web site development, and used a Monster Template as the basis for our design. We'll select three or four templates, edit them, and then show the client. Then we'll buy the template that the client likes, customize as required, and we're done. So we've paid \$60 for a template, spent three hours customizing the design, written and inserted the content, and charged \$5,000.

Like I always say, it's not about the costs—it's always about the value. Our expertise ensures the client gains an excellent solution to their problem. That is, we ensure a design that is well suited to their market, we write content that converts the visitors to customers, and the content is optimized for search engines, which means more visitors. That's why value is a far better thing to charge for, rather than the actual time taken to complete the project. If a contractor charges me \$1,000 to complete a job, I need to factor in:

- general business overheads
- attracting the job
- managing the client
- managing the contractor
- ensuring the job is completed appropriately

I'm also bearing all of the risk associated with providing the service or project to the client. This includes aspects such as legal liability should anything go wrong, damage to my reputation if anything does go wrong, not getting paid, and much more. Plus, of course, we need to make a decent profit: a profit that allows us to grow; a profit that allows us to invest in the latest technology; a profit that enables us to keep on learning so that we can provide the client with great value on an ongoing basis.

We spend a lot of time attracting the clients we want, and then ensuring they are delivered fantastic solutions that work with a minimal of fuss. Therefore, when a contractor quotes us \$1,000 to complete a project, it's not unreasonable to then on-quote it for at least \$5,000.

Finding the Best Contractor for You

Now you've seen the good, the bad, and the ugly, let's take a look at how to find the best way to outsource for you. There are all sorts of options with finding candidates to consider. You'll need to understand your needs exactly in order to find the contractor who can meet them all. This step will then enable you to set out your requirements in a project brief. When selecting your contractor, there are many factors to take into account, as we'll see.

Locating Candidates

These are the options where people usually look for contractors when they decide to outsource work:

friends

This one can be tricky. There's an old saying: "If you want to lose a friend, start working with them."

That's often all too true, but on the other hand, friends often provide fast and easy solutions with minimal hassle. You'll need to take this one on a case-by-case basis, relying upon your knowledge of that friend.

networking

Through attending various functions and forums, I've gathered quite a sizable network of suppliers who can assist us in developing quality solutions for our clients. So go along to industry functions, participate in that forum, and spend some time meeting people who do the same sort of work you do—they can be a terrific source of help when you need it.

advertising

Advertise where the people who have the skills you require might be looking. This can range from newspaper advertisements to online job search sites. There's an extensive range of online resources:

- Contests on webmaster forums such as SitePoint's¹
- Elance²
- Scriptlance³
- RentACoder⁴

You'll find immediate access to a range of services and skills at sites such as these—usually at a huge discount on your doing it yourself.

There are numerous ways to find contractors—some ways are better than others. Even though these methods are different, the aspect that always remains a constant is that you, as the project manager, need to understand the requirements you're looking for.

Remember, it's not all about the person being good at what you need them to be good at. Sure, that's part of it, but there are other aspects that are equally important.

Analyzing your Outsourcing Needs

Now that you know where to look, the next step is to document exactly what you are looking for.

This step doesn't include just what the technical specifications are for the project at hand. After all, a brilliant programmer who can't meet deadlines isn't going to help your business. Very importantly, you need the following sort of information about the contractor to enable you to make the right decision:

This list includes:

- Can the contractor do what you require?
- Do they complete projects in a timely matter?
- Do they meet goals?
- Do they communicate often and effectively?
- Are they responsive to feedback?

¹ <http://www.sitepoint.com/marketplace/>

² <http://www.elance.com/>

³ <http://www.scriptlance.com/>

⁴ <http://www.rentacoder.com/RentACoder/default.asp>

- ✦ What's their record like? Ask for references and example of previous work.
- ✦ What are the payment options?

Depending on where you search for your contractor, you'll find a few or all of the above criteria addressed. For example, using Elance enables you to see the feedback on each person bidding to complete your work. You can see information related to their communication, their responsiveness, and much more. Obviously, this step is a little more difficult if you use newspaper advertising and the applicant supplies a list of references of previous clients—and you can bet the applicant won't supply references from unhappy previous clients!

The research we've done on why people choose particular contractors has shown that the decision-making influences are much the same as those that people use to select any type of supplier. The major issues, ranked in order of importance, are:

- ✦ quality
- ✦ experience
- ✦ reputation
- ✦ price

Other aspects impact on the assessment, but the above are the main ones. After all, it's how our clients judge us, and it's how we judge contractors.

Now that you have a good idea of the personal and management skills of the contractor that you require, it comes down to you providing a detailed description of the project to be completed.

Writing the Project Brief

Developing the brief is not a simple task. As I've mentioned, my company outsources almost every service we provide for web site design and development projects. From that experience, I have learned this absolute truth for managing contractors successfully: *communication is key to the successful management of contractors.*

Communicate the exact brief. Communicate the exact time frame. Communicate the exact payment terms. With a well-documented brief, you can maintain the quality over the work being completed. Spend a day or more developing a perfect brief for potential contractors; get the brief right, and you'll save yourself headache after headache.

If you haven't written a project brief before, here's the best bit of advice I can give you: cheat. That way you'll avoid the costly and time-consuming trial-and-error project brief

development that many people go through. It is critical that you provide potential contractors with a detailed and very specific project sheet so they know exactly what they need to bid on and the expectations associated with completing the project.

Take a look at the places where others typically search for contractors, and make a note of what they mention in the project descriptions. You'll find the experienced ones provide highly detailed information related to the project and associated requirements (such as language required).

Here's an overview of the format we use—it's one that's served us well over time.

Example 18.3. Sample Freelance Brief

the project

Here, you set out a full and detailed description of the project.

the brief

This important section explains the freelancer's part in the project, providing details surrounding graphics, colors, documentation, and so on. Here are some of the points that might be addressed in a thorough brief:

- overview
- color scheme
- navigation
- style
- limitations
- desired file format
- artwork provided
- domain name
- notes
- sample work
- references

background information

This section provides background information on the business for which the job will be completed

constraints

Here, you provide important information about the constraints on the project: for example, no frames, load time less than nine seconds, and the like.

client adjustments

This section explains exactly what happens when and if changes are required to the work provided by the contractor.

delivery

This point explains how, when, and where the deliverables will be made.

payment terms

This section describes the exact terms of payment. As the contracting business, you must stick to them—to the letter!

deadline

This final section identifies the project deadlines. These need to be absolute: if the contractors are a day late, they'll always be late. If people don't deliver on time, don't use them again.

There is also a template set out in the **Generic Project Brief** and the **Project Brief for Contractors** on the CD-ROM.

Assessing Potential Contractors

As I mentioned in Chapter 17, the major issues when selecting a contractor are quality, experience, reputation, and price. Bearing those in mind, once a contractor makes contact with you in reply to your efforts, it is time to act. This is when you essentially lay the foundation for how the relationship will develop—you need to make it absolutely clear to the potential contractor what your expectations are, and you need to lead by example. Make sure your communication is timely, crystal clear, and relevant. Setting the stage in this way essentially tells the potential contractor, “Here’s how we act—we expect the same from you.”

Okay, let’s assume you’ve had the first contact and are ready to begin your initial assessment of the potential contractor. The first thing we all do, whether we’re aware of it or not, is make an instant judgment of them based on what we’ve seen or heard so far.

An email will tell us a great deal about the person’s attention to detail and written communication skills. A telephone call will tell us a lot about their verbal communication

skills, language issues, and more. I'd very strongly suggest you at least call the potential contractor prior to working with them. And, of course, a face-to-face meeting is a chance to gather even more information.

Aside from that first impression gained from the email, telephone call, or personal meeting, here are the aspects that you'll assess:

examples of past work

As I've said previously, the best indicator of future performance is past performance. Ask for examples, but if you're still not convinced for any reason, remember that the beauty of web work is that there's always the potential to undertake a little digging in an effort to assess whether this person has the attributes you are looking for.

reference check

When you're looking at hiring new contractors, it's important to check their references closely, but not take references *too* seriously. After all, a potential contractor is not going to give you the contact details of angry previous clients!

Ring those references up, email them your questions, even write to them. Find out if your potential contractors are as good as they say they are. The questions to ask referees might include: "Do you know the person in a social capacity? Was the project a success? Were deadlines and goals met? Was communication clear? Is the project/web site still going?" After all, these people are going to be members of your team: you want the right people!

scope for future work

This is an aspect many people don't think about. When we begin a relationship with a contractor, we want the relationship to build, develop, and lead to an ongoing and long-term mutually beneficial one.

To that end, we need to know whether the contractor feels the same way—or if they're a 15-year-old high school student who just wants to do this project so they can have some holiday spending money.

price

Price is the interesting one. We've seen an enormous difference in the prices quoted to us for contractor work because of a few different reasons: the main reason being that the contractors don't quote on what's asked in the brief.

Assess the price with the thinking that you want this relationship to build into a long-term one. Be careful not to underpay your contractor by so much that they're working

for peanuts—that’s not good for building your business, because the contractor will become resentful at being paid too little and the quality of work will suffer, or the contractor will refuse to work with you again.

To build a thriving business you need a great team—you simply cannot do it all yourself. You need to attract and keep the best talent you can. That means paying a fair day’s pay for a fair day’s work.

While those points cover the major aspects of your initial assessment, you should also—where possible—research and analyze the company or individual you are dealing with in an effort to minimize any nasty surprises down the track. For instance, does the person have a criminal record? It wouldn’t be nice to find out that your contracted web programmer has a history of convictions for site hacking.

It’s been my experience that if there have been any problems at all with potential contractors, you shouldn’t employ them. You can’t afford anyone but the best. I used to think I could change the way a person worked to fit in with our standards, but I’ve found it almost impossible. Like I said earlier, the best indicator of future performance is past performance.

This is information you need to know: don’t be afraid to ask the potential contractor any questions you need to during your assessment.

In a similar vein, it’s important to set the standards of the working relationship as early as possible in the relationship. If you deal with the potential contractors in a highly professional manner from day one, then the standard is set, and this can have a very positive influence on the way your interaction develops. If the initial contacts you have with the contractors are sloppy, error-ridden, and too casual, then the standard of their work is likely to be a direct reflection of this. You’ll receive what is expected. So keep those expectations high!

Key Points

- Document exactly what you require in a contractor, including non-technical aspects such as timeliness.
- Write a clear project brief to ensure a successful outsourcing campaign.
- Consider factors such as past work and references when selecting your contractor.

Working with your Chosen Contractor

Great! You've found a contractor and, after all your diligent research, feel confident in your decision to work with them. You've provided them with the full brief, and they know exactly what their role and responsibilities are. They're also aware of the deliverables to be achieved. Let's hope this is the start of a beautiful friendship!

Starting Small with a Contingency Plan

We hope, but we can't be *sure*—we need to take matters slowly and test things out a little at a time. When working with a new contractor, always assign them a simple, small, non-critical project to start off with. Your agreement must include all the deliverables their end—what they have to do and by when—along with what you have to do: give them a decent brief and pay them on time. Remember, though, that if the contractor is in another state or country the cost of enforcing the contract or seeking legal redress for damages is likely to be prohibitively expensive. A contract really doesn't do much; you rely upon goodwill. This is why your clear communication is so important.

With your detailed brief, the contractor should provide you with your completed project just the way you want it. Simple!

Not always. One thing I've learnt over the years is to have a contingency plan in place in case deadlines are missed. That way your client won't suffer and you'll maintain your reputation for quality work completed on time. So start off the contractor with small projects and, assuming you work well together and they meet your various criteria, slowly increase the size of the projects they work on. That way you can try before you buy, in terms of a big commitment, and ensure you do the best for your business.

Be careful even with the trial jobs. These can really hurt you if you're not careful. A few months back I had a contractor do a small job for one of our clients. We needed the contractor to visit the client and deal with her directly; in this case, the client knew I'd contracted out this task, which isn't always the case. Sending a contractor into the client is unusual, but the client requested something we don't specialize in, and we suggested using a trusted contractor and putting a management fee on top. The client was happy with that. The contractor saw the client and completed—very slowly—part of the project. The client required changes to the work, as was expected from the start. The problem was our contractor had lost interest and didn't want to go back to complete the job.

This was a lose–lose–lose situation all round. The client was annoyed because the job wasn't completed. I was annoyed because the job wasn't completed *and* my reputation

with our client was damaged. The contractor was annoyed because he'd done some work and I didn't pay him for it.

I'm sure in a lot of cases this would spell the end of a relationship between a client and their web developer. However, we'd kept in constant contact with our client explaining what was going on, and because she was a long-term client, she accepted the problem and we moved on. But that's a client who has been of terrific value to our business over a long period of time, who was planning a major upgrade of her web site in the coming months. That simple \$500 job could have cost me in excess of \$10,000, all because the contractor lost interest. I've had a couple of these nasty experiences—eventually I realized that I needed strategies to minimize the hurt!

Being Clear About Payment

Payment terms are another critical area; it has to be an integral part of your agreement. Nothing demotivates someone more than not being paid when they're supposed to be paid.

There are obviously a million different ways you can pay your contractors, from a deposit and balance on completion, to progress payments, to full payment on completion. It doesn't matter what the payment schedule is, though. What matters is that both parties agree on the payment schedule. It matters that you document the payment schedule. It also matters that you stick to the payment schedule to the letter.

Establishing the best payment schedule can prove difficult at first. We generally do whatever works best for the contractor. I must say I prefer paying 50% deposit with the balance payable on completion, but some contractors prefer a deposit and progress payments, and others even like us not paying them until what we owe reaches enough for them to buy a new car! Just make sure your payment agreement is absolutely clear, and stick to it.

You don't want to overpay a contractor, but you don't want to underpay, either. There is no greater disincentive than not receiving a fair day's pay for a fair day's work. If one of our regular contractors completes work for us and says, "Hey, Brendon, this job actually took me four hours to complete instead of two, due to this, this, and this," we'll almost always pay the extra. Before you start thinking every contractor would try that trick with us, I'd like to make a few points.

- ☛ We trust our regular contractors. They wouldn't be regular contractors if we didn't.
- ☛ It's a two-way street, and our contractors know this.

I once had our primary programmer misunderstand my brief entirely—she quoted on a massive job that we didn't actually need done. We accepted the quote in good faith. As we started the job, it became apparent to the programmer that the quote we accepted was far in excess of what we needed. Our programmer didn't hold us to the quote, but reduced it to an appropriate level. Simple.

We do assess the quotes, but more important to us are factors such as ease of working with the contractors, their ability to do the job, and the quality of their work.

It's fair.

Being fair sets the tone of the relationship.

It aids our reputation within the market.

If we pay people extra based on the extra work they've done, then they'll be very keen to receive one of our request-for-proposal emails. They know they'll be treated well and fairly—and that can result in a lower price. Easy!

Key Points

- Start as you intend to continue; set an example.
- Trial your contractor first on a non-critical job.
- Negotiate a payment method that works well for both parties.

Management Tips and Tricks

Okay, so now you have a pool of quality web workers you can call upon. You know them, you trust them, they perform quality work to deadlines. Excellent. Now let's move onto the next part: management.

Managing one project is easy. Three projects are slightly harder. Five are harder still. Ten is harder than that. Managing multiple projects is a skill in itself; there are a ton of things to juggle, deadlines to meet, and clients to keep happy. We've looked at project management before, in the section called "Managing Multiple Projects" in Chapter 10, and this would be a good place to look for managing your outsourced projects. In addition, there are many excellent sources of information to help you overcome any outsourcing inexper-

ience on your part, including SitePoint's own *Outsourcing Web Projects: 6 Steps to a Smarter Business*.⁵

Being Nice to Contractors—you Need Them

I did some marketing for a construction company a few years ago, and part of my work involved talking with the subcontractors that the construction firm used.

The stories I heard were appalling. The construction firm took months to pay overdue invoices, they very rarely communicated with the subcontractors, and they ignored any complaints. I relayed these findings to my construction firm client, expecting them to be devastated. Not really—they said something along the lines of, “Yeah, we know all that. We don't pay them because we want to keep the cashflow for as long as possible.”

That's definitely not the way to build a great working relationship with suppliers! The way to treat your contractors is probably a method you first heard about in kindergarten, and it's really very simple. Treat others as you yourself would like to be treated. Remember the points we delineated in Chapter 13, and, essentially, throughout the kit?

- We all love recognition.
- We all appreciate positive feedback.
- We all like it when others are nice to us.

It's that old law of reciprocity. If you're nice to me, I'm much more likely to be nice to you. Give some praise, send a thank-you card, maybe a Christmas gift. You know what to do—it's the theme I've been hammering on about all through this kit.

Include your contractors as part of your team—if they're in your local area, invite them to company celebrations. After all, they're an important part of your team. Develop the relationship the way you want the relationship to go. Be nice; be friendly; think of your contractor. Treat them as you'd like to be treated. Keep in contact and provide positive feedback when you can. It all adds up to strengthening the bond and enabling you to get the most out of your contractor.

Don't do what everybody else seems to do in this day and age. That is, don't force your contractor down on price to the point where they're hardly making any money. Don't give them a quick brief and expect perfect work. You need to see the contractor for what they are—a potentially fantastic resource for helping you grow your business—so treat them

⁵ Dave Hecker, *Outsourcing Web Projects: 6 Steps to a Smarter Business* (SitePoint Publishing, 2007).
<http://www.sitepoint.com/books/outsourcing1pdf/>

like the important person they are. I'm not saying you should accept shoddy work, but when you find a great contractor, you need to build the relationship so you both benefit in the long term.

Try this experiment: next time you use a contractor, pay them what you owe, on time, and then send a gift along with a thank-you card as a surprise bonus (food hampers, gift cards, and book vouchers are always likely to be appreciated, and very easy to organize online). The contractor will be amazed and they'll be very keen to work with you again. Remember, rewarded behavior gets repeated. So reward that behavior of quality work, if you'd like to see it repeated.

That's the first rule of outsourcing for big bucks: put together a pool of talent that you can call upon to perform quality work in a timely manner. Build this group to be as large as you can, although, believe me, it will take time. My own experience tells me that about one in ten contractors will measure up to high standards. In speaking with other web developers, I've found that our experience is typical. Part of the reason for that, I think, is that quality web people are hard to find and the good ones are very quickly snapped up.

Having a Backup Plan

When the best-laid plans go wrong—as they sometimes will—have a backup plan. I've mentioned earlier where my business was let down at the last minute by a graphic artist; in that case, I had to pay a premium to another contractor to have the job hastily finished.

It served me right! The point here is this: *never trust anyone*. If you assume people won't deliver, and assume it every single time, you are forced to get a system in place.

Our system to avoid problems is simple: we give ourselves lots of time. If a project is due for delivery to the client in 30 days, we'll make the deliverable just 15 days from our contractor. We communicate frequently in the lead-up to that 15-day deadline. We'll have another contractor ready to take over at any stage, should the first contractor not meet the deadlines.

Then if that contractor needs to take over, we'll have another contractor ready if the second contractor falters—a situation that's very rare, fortunately. That way, you're very likely to have quality work completed to your deadline, if not a long time *before* the deadline is due, which the client always loves.

Summary

Outsourcing isn't for everyone, but its advantage lies in the ability to enable you to leverage your business's capabilities in terms of new skills, experience, and expertise, while at the same time reducing costs.

Finding the right people to outsource your work to is the most important aspects of the whole equation: with a hit-miss ratio of about one to ten, it takes a while to build a solid team you can depend on. But with planning and focus, before long you can have a team to rival your biggest competitors, at a fraction of the cost. Once you have the team, you have the leverage.

Managing projects effectively requires skills, knowledge, and understanding—and using collaborative project management software makes your task a whole lot easier. As with any business transaction, it's important to cover all of your bases and have a fall-back position for when problems arise. It's your responsibility as the project manager to minimize the problems and minimize the negative impact of the problems.

It won't be long before a business currently completing one web site per week can easily churn out ten web sites per week!

Congratulations—you now have all the tools you'll need to start, build, and expand your business that we explored in this section. But the fun doesn't stop there! In the next chapter, I'll present 100 tips to live by as you move along the path to developing your new business in the weeks, months, and years ahead.

The Web Design Business Kit



Chapter 19

Budgeting for Expansion

I left the detailed talk of budgets until now, because I know, like me, many people simply don't like completing them, or have trouble understanding them. I didn't want to throw you straight into the dry necessities that lie behind running a business before you read the exciting stuff, or putting off reading the kit out of sheer boredom! You'll soon see that budgets are not really so bad, though.

With a simple step-by-step guide to the three most important budgets you'll need, this section may be just what you require to be able to step up and take a good look at the business financials. Once you see how easy budgets are to read and analyze, you'll know you have the information to make well-informed decisions for your business. And if you want excitement, there's nothing like watching your figures creep up month after month!

Likewise, measuring what you do, what works for you, how it works, and when it works is a key component of successful business management. It's not the first time we've spoken about measurement, but later in this chapter we'll look at measuring all your expenditure to keep close watch on how best to run your business and how to most effectively use the money.

The Financial Impact of Expansion

I'm not keen on budgets. I'm just not a numbers man—never have been, and never will be. But I'll say this about budgets: *budgets are self-fulfilling prophecies.*

There is a direct correlation between the frequency of accounting reports, and the survival rate of businesses. The numbers are something like those in Table 19.1: a key indicator if I've ever seen one.

Table 19.1. Financial Reporting Gives You a Greater Chance of Success

Frequency of Reports	Survival Rate
Monthly	80%
Quarterly	70%
Half Yearly	50%
Yearly	36%

People who have goals are more successful than those who just take each day as it comes. You must have goals. People who have monthly budgets are more successful than those who just let money flow in and out of its own accord. You *must* have monthly budgets.

Compiling monthly budgets is a no-brainer. Every business needs to know how much money is coming in and how much is going out. You need to know when you can allocate money towards growth. You need to know when you have to cut back. There are three main budget issues that should be a huge part of your business management, and we'll look at those now.

The Breakeven Analysis

Do you know what your **breakeven point** is?

You can do a breakeven analysis on the entire business or, like we did, start off by doing breakeven analysis on a job-by-job basis. From that, we were able to discover exactly what were our most profitable sections of the business, and focus on those. Then, as we became better at the analysis, we began to complete breakeven reviews for the entire business.

How can you perform a breakeven analysis on your business, or even just one job? First, there are two sections for the costs:

fixed costs

These are costs that do not vary, regardless of your day-to-day workload. Fixed costs would include such things as rent, depreciation, Internet access, security, and insurance.

variable costs

These costs are incurred as a result of work being done. Costs here would include expenditure on ink cartridges, wages, telephone calls, office stationery, and postage.

Let's say your fixed costs are \$52,000 per year. Leaving aside the variable costs, you would need to make \$1,000 in sales per week to break even. By completing a budget, you'll soon figure out your variable costs per project, and can then take those into account to work out the sales per week you require.

Let's say you're a web designer who sells \$5,000 web sites. You might find your wages for these jobs are 80 hours at \$20 per hour. You make an average of ten telephone calls to the client, and you print one letter on your letterhead paper at a total cost of 20 cents. The variable costs go on, and you might work out that the total of your variable costs are \$2,000 per web site.

Now, there are all sorts of formulas and charts you can make to analyze the breakeven point. Here, I'll explain the basic approach I use, which quickly gives me a good idea of the breakeven point.

Example 19.1. A Breakeven Analysis

example 1 Let's say you have budgeted to sell 20 \$5,000 web sites a year.

- Your fixed costs are \$52,000.
- Your variable costs are \$40,000.
- Your total costs are \$92,000.
- Your revenue is \$100,000.

You have made a profit of \$8,000.

example 2 Let's decrease the sales to 18 sites annually.

- Your fixed costs are \$52,000.
- Your variable costs are \$36,000.
- Your total costs are \$88,000.
- Your revenue is \$90,000.

You have made a profit of \$2,000.

One simple way to analyze your breakeven point is that the total fixed costs per month divided by the price (average variable cost) yields the breakeven quantity per month. Also, I've kindly included a handy and simple spreadsheet to start you off: the **Break Even Analysis** file on this kit's CD-ROM.



Fixed Costs are Fixed; Variable Costs are ... Variable

As a business owner, there's not much you can do about your fixed costs. After all, you need an office, you need insurance, and your office assets generally depreciate whether you make sales or not.

But you do control, to a large extent, your variable costs. Can you reduce the number of telephone calls you make? Can you recycle ink cartridges? Do you leave your air-conditioning on overnight? Would reducing the working hours of a team member be possible? If you decide to buy paper in bulk, can you save money?

Know your breakeven point for your business for the year, and know the breakeven point on each job you complete.

The Cashflow Forecast

I love the **cashflow forecast**, since it tells me roughly where my business will stand financially on any given day. I also find that reviewing the forecast against the actual figures is an excellent way to think about our expenses, and ways in which we can tighten them up. Reviewing the forecast is also an excellent way to promptly identify the underperforming parts of the business.

For instance, let's say there's a major variance between the forecasted sales of web sites for January and the actual figures. In this case, I'll want to take action immediately to find out what the problem is and identify solutions. Without a forecast budget, you're just blowing around in the breeze, not really knowing what your business is doing. If you don't know what's broken, you can't fix it!

The cashflow forecast consists of:

- sales
- cost of goods sold
- operating expenses
- net profit/loss
- cash on hand
- accounts payable

• net cashflow

Note also that, like many business owners, you might like to add in gross and net profit margins expressed as a percentage.

Some people do a cashflow forecast weekly, some do it monthly, others quarterly, and there are some who complete no forecasting at all. Again, to get you started, we've included a **Cashflow Forecast** spreadsheet in this kit's documentation.

Keep in mind that your cashflow forecast should be an evolving document. If you have one great month, you might decide to spend more on marketing from that point forward. This, hopefully, will increase your sales, but it will also increase your variable costs ... and on it goes.

The Balance Sheet

The **balance sheet** is like a snapshot of the business's financial situation at a given moment, and is usually completed at the end of the financial year. Basically, a balance sheet shows the assets and liabilities of a company, and how these balance out. A typical balance sheet might show:

current assets

These are assets that are fairly easily converted to cash, such as funds in the bank, accounts receivable, and stock.

fixed assets

These might include computer equipment, furniture, and cars: think of these as the permanent fixtures of the business. Your fixed assets are subject to depreciation: for example, a computer for which you paid \$4,000 last year depreciates at a certain rate, usually fixed by the tax authorities, and is worth less and less as time goes by.

current liabilities

These include accounts payable, overdraft, income tax payable, short-term loan repayments, employee's holiday pay—any debts that are due within one year.

long-term liabilities

These items include long-term loans and mortgages.

You add the assets together and subtract the total of the liabilities. What's left over is the **equity** or retained profit of the business. This amount balances the assets to the liabilities.

A balance sheet tells you what you have, where it is, and how it's being utilized. You need this information to assist you in making the right decisions for the management of your business. It doesn't give you the whole story, but it helps you to understand how the business is doing on its trip to the top! I've included a balance sheet template in this kit for your use—see the **Balance Sheet** file on the CD-ROM.

Key Points

- Deploy monthly budgets—they are essential to your success.
- Know your breakeven point.
- Your cashflow forecast should be an evolving document.
- A balance sheet will help you make the right decisions at the right time.

Measuring your Costs

We talked about the importance of measuring the return on your marketing investment back in Chapter 6, but now I'd like to take that measurement one step further. I want to show you the importance of measuring not just your marketing expenditure, but *all* your expenditures. What you spend, and where you spend it, can have a huge impact on the growth of your business.

Once, I never troubled to measure the activities I undertook to generate business. I was far too busy getting the work, getting the work done, and getting the money in, to have time to measure anything. I hardly got enough sleep most nights! The only factor I measured was how much money I had in the bank. You might think that this is the only measurement that counts, but that belief can be fatal.

Now, I closely measure almost every part of the business. I can tell you how each business inquiry originates. I can tell you that if we schedule our first meeting with the prospect in our boardroom, then we are far more likely to win the contract. I can tell you who is our most profitable client per hour. I can tell you, down to the last dollar, what our most successful method of marketing is. I can tell you what our exact costs are to run the business, on any given day, at any given hour.

Measuring the different aspects of your business is as crucial as making a sale; sometimes, it's even more profitable. Only by measuring each element of what you do, can you quantify the benefits and make a decision about what's best.

Getting Serious About Costs

To give your business the best chance of survival, you need to measure everything that impacts on sales and revenue. Measure exactly how many hours you spend on each job. Measure how much ink your printer uses. Measure how many telephone calls you make to each client.

Example 19.2. Counting the Call Costs

We recently had one client for whom we were completing web editing work. At least once a day he would ring about something. We would return his call, ringing his cell phone, later in the day. At the end of the first month's editing, we found he'd been called 27 times, costing us a grand total of \$88! (Here in Australia, the person who calls a cell phone is charged on a per-minute basis.) By the time we took in account the costs of our time, overheads, and more, the profit we were making on this client wasn't enough for us to continue working with him.

We then became more aware of calling cell phones, and changed our review of particular costs to a weekly, rather than monthly, basis. Oh, and we encouraged this client to make his acquaintance with the joys of email.

Due to the intangible nature of the Web, your work can often stretch beyond the initial brief. If you don't keep a tight hold on the reins, the time and effort you spend on clients can quickly get out of control: you'll be making a loss before you know what's hit you. That's why you need to measure each aspect of your business.

Your time is too valuable to waste on those aspects of your business that don't generate a profit. It's hard enough without having clients who simply aren't profitable. Identify those clients and cull them from your client list. Sure, there are times when you'll keep them on because they are a good source of referrals, but make sure you are measuring every aspect of the relationship.

We have one client who we love working with. He's a no-nonsense sort of fellow who appreciates our expertise, and lets us get on with the job. We do the work. He pays us. No fuss, no bother! On the other hand, you'll get occasional clients who require the same sort of service as our low-maintenance friend, but at a much higher cost to your business. These clients might be extremely difficult to deal with, require extra meetings, or generally behave like the clients we learned how to deal with in Chapter 11. They might want to

re-edit the copy once they've provided it, for example, or they might simply be a time-consuming client requiring constant reassurance.

You need to identify early on that these clients could send your business under. If you don't provide a very firm and detailed set of standards and expectations, then the work you do for these clients can very quickly turn into a millstone for your business. Don't let it happen to you!

Set firm expectations for both parties, measure everything, and keep costs under control. Your business success depends upon it.

Key Points

Measure every business activity you undertake.

Beware the obvious—and hidden—costs of doing business. Look at every expense very closely.

* Treat any cost that impacts on sales and/or revenue very seriously.

Summary

The budget section included in this chapter provided you with the basic tools to take your business to the next level. As we mentioned, people who review their finances on a regular basis are more likely to succeed. With our step-by-step explanation, you can do this simply and easily. Follow those budget steps for success!

We saw the three most valuable processes you can undertake in dealing with your budget: the breakeven analysis, the cashflow forecast, and the balance sheet. All of these processes are supported by files on the CD-ROM included with this kit, so it's not hard to implement them.

When you do make those sales, measure them. What percentage of your income comes from repeat sales? From add-ons? What about referrals? What are your newspaper advertisements bringing in? Which clients do you spend the most time on? Are they your most profitable? How can these considerations be taken into account in order to grow your business? We saw that getting serious about costs makes all the difference between your business success or failure.

Now that we've dealt with the financial necessities, it's time for a list of 100 tips that I've gleaned from all my years in business. Some you might find to be common sense at work, others you mightn't have thought of, but they are all sound advice. Let's go!

Chapter 20

One Hundred Business Tips

I've always liked lists of tips. I like something short and sharp as a quick refresher once in a while, but something to get you thinking as well.

I've listed 100 tips that I think will be useful to you. Some are random thoughts. I've included a number of short tips that we discussed more fully in the content of previous chapters as a way of reinforcing important points. And I've tossed in a variety of new ones.

I was once at a meeting with a designer and my client. The designer took three telephone calls during the meeting: two from his girlfriend and one from his uncle. From that moment on, we had lost the client, and he eventually went elsewhere. Therefore, I have a tip about always turning your cell phone off before you go into a meeting. It sounds like a no-brainer, I know. However, like my old favorite tip of having a firm handshake, it's one that many people don't seem to know—or follow.

Anyway, that's enough of my ramblings. Here's the list.

Marketing Tips

1. **Be a guerrilla.**

There's no need to get dressed up in a monkey suit, though! By a "guerrilla," I mean that you should act quickly, think differently, and market your business in radical and noticeable ways.

2. **Develop a point of difference.**

If you're the same as everyone else, then the prospect has no reason to select you. Identify your point of difference (it might be a guarantee, or your search engine expertise, or your vast experience) and hammer that difference home to the prospect.

3. **Try different things.**

Web development is a terribly cluttered market. You need to try something different to get noticed. How about sponsoring a prize at a local university? Maybe organize a golf day for the industry you're trying to target? "Different" attracts notice. Before people can buy from you, they have to notice you. Be different.

4. **Be outrageous.**

People want to be entertained, and they want to have fun. Are you outrageous enough? Think Richard Branson here. He performs outrageous stunts and the media (and public) love him.

What has been the value of his stunts over the years? Considering that his Virgin empire is magnificently well branded, the value of those stunts could be in the tens of millions of dollars. If you stand out from the crowd, your business will get noticed.

5. **Blogs are big!**

People want relevant and up-to-date information. Blogs—simple online diaries—are an easy way to update your site; you can update the content on your site at any time of the day or night, from any computer with Internet access. It's cheap (as in free!), simple, and easy. Could you offer a blog to your client?

Reaching your Target Market

6. **Ask people how they heard of you.**

An overlooked but important thing to do is to ask a very simple question when you first hear from prospects. Ask them, "How did you hear of us?"

That question alone can save (and make!) you thousands of dollars each year. You stop the marketing that doesn't work, and either try something else or increase the marketing that does work.

7. **Find out exactly who your prospects are.**

Once you know who your most likely prospects are, you can start to market to them. Before you do this, you're swinging in the dark.

8. **Do a survey.**

We survey our clients on a whole range of issues regarding our business: from where our offices should be located, to how we should market the business, to how well we're meeting their needs. You might think you know your business, but perception is reality and the client is the one seeing the business from the perspective of those paying the bills.

Clients love to express their opinions—and theirs are the only opinions that really matter. They know your business, and usually your competitors, better than anyone—including you!

A funny thing happens when you survey clients. They become more loyal, they refer more people, and they have a higher satisfaction level than the clients you don't survey.

9. **Run a competition.**

Be smart about the competition you run. You're not doing it for fun, you're doing it for business. Find a business that works with the target market you want to access.

Let's say you'd like to target accountants. Approach an industry newsletter and propose a free web site as a prize for their next promotion. You get the database of entrants, the industry body looks good, and an accountant ends up with a free web site. Everybody's happy!

10. **Go to lots of lunches.**

Lunches are great, because that's where the good food is! Business lunches are also where the business people are.

You'll find lunches, breakfasts, dinners, and lots more happening in your city. Go along and start eating! You'll meet your target market in a relaxed and gentle environment that's just right for starting a business relationship. The more functions you go to, the more business people you'll meet. Simple.

11. **Sponsor a charity for excellent exposure.**

I presented the example of Carol from RACQ CareFlight and the help she provides us. Charities are generally very aware of the need to provide a decent benefit to those that give them goods and services. Assess the benefits you could receive by helping a charity, and make a business decision based on a cost/benefit analysis.

12. **Have a brochure.**

Any document that can demonstrate what benefits you provide is a positive thing. Brochures are relatively cheap, and provide something tangible for prospects to review in their own time. Although the world of web development relies heavily on email and web sites for communication, I have found that the majority of our clients like to have something tangible to hold and look at when they review our services. A screenshot of a web site is often far more effective than providing prospects with the web site address!

13. **Start a PR campaign.**

Consistency is a word I've used for client service, but consistency is also the requirement for a successful media campaign. The benefits of a successful media mention can be overwhelming. A well-positioned story on a television, magazine, or newspaper can result in droves of prospects. At the very least, an integrated media campaign will aid the branding of your business. Start your media campaign sooner, rather than later.

14. **Make offers all the time.**

People can't buy from you until you make them an offer. It stands to reason, then, that you should make as many offers to prospects and clients as you can.

How many offers are too many? My thinking is this: if you have an offer for clients or prospects that you think is great value, it would be negligent of you not to let them know about it. Are you making offers to get more business? Or are you making offers to help your clients stay a step ahead of their competition?

15. **Ask clients for referrals.**

Don't be shy. Clients are a fantastic source of referrals. Since they will be delighted with your service, they'll be happy to refer you clients. Don't wait for it to happen.

Ask clients for those referrals, and reward the referrer for helping you out. It could be the start of a beautiful friendship!

The Team

16. **Gather an expert team around you.**

This means your staff, contractors, lawyer, accountant, insurance agent—the lot! A quality team is worth its weight in gold.

Having said that, I would strongly suggest you develop skills in specialist areas. It's important that you can read a contract, a balance sheet, and an insurance policy.

17. **Hire people who are smarter than you.**

Smart people grow business more than any other factor. Smart people are motivated and ambitious. Smart people are the ones you need. I'm more than happy to say that my team is smarter than I am in many ways. We all have different skills and strengths, but generally they learn a lot faster than I do.

18. **Reward your staff.**

Your staff is your biggest asset, and you need to motivate and inspire them. Everyone likes to be recognized. As you know, rewarded behavior gets repeated.

Reward staff for exceptional work, and do this in front of others. A reward can be as simple as a sincere thank you, a card, or a small gift. A cash bonus might also work.

19. **Develop your own culture.**

I always thought that *culture* was a word used pretentiously by big businesses to describe something they didn't really understand. Once I was developing my own business, I realized the importance of developing a unique feeling for the business. Your business culture will evolve from many different aspects, including your management style, your team's collective personality, the types of clients you have, and much more.

Our business culture has developed from these and is our own personal feel for what we do. The team can work whatever hours they want, whatever days they want. They can take as long as they like for breaks. The person who is walking past the tearoom is generally the one who makes everyone a cup of tea. Our relaxed and informal at-

mosphere works well for us, and has created a special spirit. Be aware that your business will develop its own culture. You can, and should, influence that to mold the team you want.

Money Matters

20. **Complete weekly cashflow forecasts.**

Knowing the financial health of your business is fundamental to managing your business properly. Keeping a close eye on the ins and outs means that you can be sensitive to the many influences impacting on your business, and can respond accordingly. Remember, businesses that frequently review financial information are much more likely to be successful. You must do it to give yourself every chance of success.

21. **Know your breakeven point.**

If you don't know your breakeven point, you don't know if you're making a profit. With just a little work, you can know at exactly what point each month your business hits profitability. With the financial information provided by the breakeven analysis and the cashflow forecast, you have at your disposal the information you need to keep a tight rein on your business. This is exactly what you need to be successful.

22. **Keep the overheads low.**

It's nice to have a lovely office with pretty plants, fabulous furniture, and dreamy décor. It's even nicer to have a business that is still going in six months' time.

A small business owner moved into offices a few doors up from us. He and his wife were the only employees. His business was done entirely by telephone. Soon after he moved in, he approached me to take over the lease of ... wait for it ... his plants! He'd hired a whole truckload of plants to make his office a nicer environment for him and his wife to work in. He paid a monthly fee for the plants and their maintenance. The only thing growing now is his debt.

Keep your overheads as low as possible. Spend money on things that will help you generate income.

23. **Sell more stuff!**

There are only two ways to make money. Sell more stuff, or reduce your costs. It sounds simple, but these are the two things that really matter.

Focus on selling. It makes no difference what your particular web specialty is: you're selling. With the financial reporting systems that are now available, you can quickly and easily identify and cut costs as needed.

24. You have to make a profit.

Clients do understand this. When I first started in business, I was reluctant to charge enough to generate a healthy profit as I felt I was being unfair to my clients. Then I figured out I was being unfair to myself.

When you do your financials, you'll know what your costs are and, subsequently, what your charges need to be. Your clients know you have to make a profit. After all, they're probably in business themselves and understand your needs as a businessperson.

25. Charge on the value you provide to your client.

You provide your client with value. Charge your client according to how much value you provide. It's easy to figure out when you quantify the benefits to the client of using your services.

Client Relations

26. Start a print newsletter.

Keeping in contact with clients, prospects, and other key stakeholders in your business (like your bank manager) is imperative. A newsletter can be an effective way to keep people informed and entertained, while at the same time making them an offer. Good quality paper for an offline newsletter is cheap, effective, and will get noticed. An email newsletter is cheap, easy, and quick. Choose a method of delivery for your newsletter and send it out at least once every three months.

27. Throw a party!

Clients love being involved, and they love being rewarded. Why not throw a Christmas party? What about a moving-office party? An anniversary party? A "best year ever" party? A "no reason at all" party?

When you host your clients in a social setting, the relationship dynamics change considerably. When you get to know your clients (and their partners and families) socially, you'll find it far easier to communicate, and you'll have taken the relationship to another level.

28. **Get a relationship database.**

Whatever you use, make sure you keep details about your clients and prospects together, so that you're in a position to easily develop the relationships you want. Be reminded of customers' birthdays and anniversaries, set alerts for project-related tasks, and maintain a complete history of all client contact—these are just some of the aspects you can manage through your relationship database.

29. **Say “thank you.”**

Say thank you to everyone you can think of! Say thank you to clients, prospects, and suppliers. Say thank you for good service; say thank you to people who reject your proposal; say thank you to people when they take your telephone call; say thank you to people at Christmas; say thank you to people for helping you.

Get into the habit of saying thank you. It's easy, and it gets noticed. People really will appreciate your manners!

30. **Arrange your own lunch.**

This doesn't mean making a sandwich! Gather some clients together for lunch. I have a diverse group of clients, many of whom I've introduced to one another. Some have since gone on to do business together.

Pick a few clients who might get on well together and arrange a lunch with them. You can call it an “information session” and provide these selected clients with an overview of the impact of the Web on their business, and maybe look at future trends. Serve lunch ... and voilà! Your clients get to know each other, and you, in a very relaxed and congenial atmosphere. If any of them do business together, you can be sure that they'll remember it was you who initiated the meeting.

31. **Send food as a gift.**

Food is one of the better gifts you can give. Being social animals, we tend to share. If you send a nice bottle of wine or a hamper of food to clients, they will almost cer-

tainly share it with someone. The person sharing looks generous—and it's all because of you!

32. Send cards, not letters.

Thank-you letters look like they have quickly been generated via a mail-merge function. A handwritten card seems more personal and caring. Importantly, a card is kept a lot longer than a letter—which is almost always discarded instantly—and is generally put on display: that's a great reminder of who sent it!

33. Reward your clients.

I may have mentioned that rewarded behavior gets repeated. Reward your clients with great service and genuine concern about their business, and you'll be a success. No question!

34. Stay in touch with your clients.

There is nothing clients love more than knowing exactly what is going on in their relationship with you. The other thing they love is hearing from you when you call to check how things are going. I'm struggling to remember any businesses that I have dealt with contacting me post-purchase. Regular contact with clients means more sales in the long term. Keep in contact!

35. Always tell your clients the truth.

This seems obvious. The instant you are less than truthful is the instant your client is lost. A great working relationship has to be based on trust. Don't ever compromise your integrity or your honesty.

36. Make it as easy as possible for clients to do business with you.

Clients want convenience. My example here is going to seem a little stupid, but I've never let that stop me before! We send our invoices out with a reply-paid envelope. Those invoices are paid much quicker than invoices we send out without a reply-paid envelope. Your clients want to deal with you. Make it as easy as possible. Give them solutions, not problems.

37. Your clients know everything.

It's true! No one knows more about your business than your clients. Ask them to express their opinions and thoughts. The information you get will be gold for a whole

host of reasons (not the least being that those clients' sales will increase because they feel a part of the business even more than before).

38. **Return phone calls the same day.**

No one does this! You'll be remembered for this simple, yet often overlooked, courtesy.

39. **Give the client an enjoyable experience.**

Clients just want to have fun! They want to be entertained. They don't want their entire experience with you to be staid, dull, and predictable. That won't bring them back as a return client.

Put on that make-up, wear a colorful dress, and apply some lipstick. That will give the client something to remember. And for the women reading this ...

40. **Pay compliments.**

People like compliments. People like people who pay them compliments. People prefer to do business with people they like. Can you see where I'm going with this?

Compliment your clients and prospects and your business will grow. Our usual letter to a prospect will say something along the lines of, "You have a very interesting business that is obviously a result of your hard work. Congratulations on building such a great organization." It's sincere and it sets the right mood for the development of a business relationship. But more than that, paying compliments is a nice, enjoyable thing to do.

41. **Have good manners.**

My mom made me put that in, and she's quite right. Use good manners in your dealings with everyone. It might get you more business, or it might not—but it's the right thing to do.

42. **Admit your mistakes.**

I've made some beauties. They're so awful that I'm too embarrassed to mention them here.

You're human. You'll make mistakes. Don't try to hide them. Tell your clients, "Oops, I made a mess of this. I'll fix it up straight away." They will appreciate your honesty.

43. **Tell the client what a great job you're doing.**

Reinforce their buying decisions and you'll avoid the trauma of the client who needs constant reassurance.

44. **Be accessible 24 hours a day.**

As we say to our clients, we are committed to quality service and we're available 24 hours a day. Every client has my mobile number, and they can call me at any time of the day or night with any issue they want. And I've never had a call in the small hours.

45. **Lie to your clients.**

If you do what you say you will, you will fail. You absolutely must go that extra mile for each client and exceed their expectations. Nobody else does this, so let's make you the exception!

The great majority of people stop buying from a business because they feel the company doesn't care about them. Don't let those clients slip away!

46. **Create a sense of urgency or a fear of loss.**

Most retailers use these techniques on a regular basis, and you can apply the very same principles to your business. A technique such as this can move a hesitant buyer forward to the sale.

47. **Tell prospects what their problems are.**

Tell clients, too! One of the best ways to make the sale is to identify with the prospects what their problems are, reiterate these to them, and then tell them that you have the solution.

"John, your site isn't listed in the main search engines and your competition is. That means they are probably being seen by 5,000 members of your target market each month ... and you're not. What we can do to fix that is this, this, and this. Do you want us to do that, so that your competition doesn't continue to take all the search engine visitors?"

48. **Be a Scout.**

The Scout motto is "Be Prepared." When you have a meeting with a prospect or client, make sure you are prepared to the last detail.

To really impress, you can refer to your relationship database and refresh your memory regarding the person. More importantly, have at your fingertips the answers to every possible question the prospect might ask.

49. **Stop selling and start helping.**

Change your mentality from selling stuff to helping people find what they want. It's a subtle but powerful difference.

50. **I object!**

"This web site is far too expensive!" With every sales pitch you make, you'll encounter objections. You know that.

Practice your responses to those objections until they're second nature, and sound like the sort of thing you say every day. When it sounds natural, it sounds credible. When you are credible, your sales will soar.

51. **How much are clients really worth?**

Usually, they're worth a lot more than the money they give you! Can you calculate the worth of your clients? Are they long term? Have they referred anyone else? Are they on monthly retainers?

The value of a lifelong client can reach into the hundreds of thousands of dollars.

52. **Love your complaining clients.**

These wonderful people are telling you what is wrong from a client's perspective. Fix those problems immediately and make sure the client is happy with your service.

53. **This is a good idea. This is a good idea.**

Repeat sales can be the cornerstone of your business. Keep making offers to your clients, and ask them to buy again and again.

54. **Don't confuse your client.**

Make it as simple as possible for your client to buy. In testing the usability of a recent web site, we found that the smallest detail in the sales process was contributing significantly to the shopping cart abandonment rate. It wasn't simple to buy.

Make it as easy as you can for your client to buy what you're selling.

55. Preparation pays.

We take a lot of time preparing to present our proposal in just the right way. Clients almost always want to see the proposal on paper, as opposed to a CD or PowerPoint presentation.

What we don't do is toss together a quick proposal and present it. We spend a lot of time getting each proposal just right—and the impact that this painstaking preparation can have is nothing short of astounding.

First, we use heavy paper (usually 100gsm, as opposed to 80gsm), which implies quality. The proposal is bound together (not stapled) using a hard cardboard backing piece (usually royal blue in color), along with a clear plastic front. There are a lot of low-cost local print shops out there—use them to your advantage! The front page almost always has a top-quality graphic that's somehow related to the client's business. The inside pages contain a mixture of graphics and words to demonstrate our expertise.

Some people prefer reading, others prefer looking at pictures—we accommodate both within the proposal. A top-quality proposal costs us about \$20 to put together and can be the difference in winning a \$10,000 job. Preparation really does pay off.

Doing Business

56. Get a descriptive business name.

“Tailored Consulting” is an okay business name, but it doesn't accurately describe what we do. If it were “Tailored Web Development,” it would be better. Maybe we could name our marketing division “Tailored Marketing.”

A descriptive business name makes it easy for prospects to know instantly if you can help them. Keep it concise, simple, and descriptive.

57. Have an easily remembered domain name.

Nothing fancy here! People get confused easily, so if you need to spell out or explain your domain name, then you need to change it. You have to make it as easy as possible to contact you. If prospects can't remember www.dzine-4-u.com, it's time to get a new domain name.

58. **Guarantee everything you do 100%.**

As I mentioned earlier, not many web developers agree with this one. Our guarantee provides us with such a significant competitive advantage (it's part of our unique selling proposition) that it contributes a great deal to our higher-than-average sales conversion rate.

Inherent in every purchase is risk. If I buy a new car tomorrow, I'm risking an awful lot of money on the assumption that it is a good car, and will do what the manufacturer says it will do. This is why brands are so valuable. Associated with a brand is an expectation or acceptance of quality. That means less risk, which equates to higher prices.

If you can remove the risk from purchasing, you'll make many, many more sales. It tells the prospect that you have full confidence in your ability to deliver what you promised.

59. **Be consistent.**

Clients love consistency. If your clients and prospects know what they're going to receive every single time, they'll be very happy. You see, it makes them feel comfortable and safe.

Consistency is the number-one reason why many businesses grow. Remember that 40% of US businesses are franchises! Franchises offer consistency.

60. **Quantify, quantify, and quantify those benefits.**

If you can quantify the benefit you will provide your prospect, then buying from you is a logical progression. Here's the example. I'll make you two offers.

offer 1 I'll configure an email newsletter script onto your web site and server for \$300.

offer 2 I've reviewed countless email newsletter scripts and have identified the best I've seen in five years. If you have 1,000 subscribers to your newsletter, sending out a newsletter will take ten minutes. From my experience, I can tell you that in your industry you will get a 2% response rate to any reasonable offer you email out. On a \$50 product, that's \$1,000 in sales! With your profit margins, that would generate \$500 profit each time. Also, there are no ongoing costs when you want to email your subscribers again

and again! Added to that, there is the increased loyalty and awareness towards your business. In terms of sales, we could probably say emailing a newsletter every three months to your customers would be worth in excess of \$5,000 annually to you.

Which offer appeals more to you? Quantify the benefits you provide. It's one of the key factors upon which prospects can assess your superior value for money.

61. Sell benefits, not features.

Your clients aren't interested in features. They want benefits. Sure, tell them the features of your service or your solution, but sell them on the benefits.

62. Why should the prospect do business with you?

Answering that question will put you so far ahead of the pack, you'll be out of sight!

63. It's not about the price.

It's never about the price. It's about the perceived value for money. If you can show that you represent the best value for money, you'll get the job.

64. Add value.

Adding value to the solutions you provide your clients can be one of the easiest and most effective ways to cement the working relationship. It can also provide you with a big point of difference from your competition.

If you're proposing a web site, then your copywriting skills might add value to what you are proposing. The key to added value is creating a perception of high value, while keeping costs low. How can you add value to your next proposal?

65. Ask prospects for their business.

The statistics are very high—around 90% of salespeople don't ask for the sale.

You are in front of the prospect. You have presented your pitch and answered any objections. She likes it. You like it. Everyone likes it. Now is not the time to say, "Thanks for your time. Do you have any questions?"

You should say, "Wonderful! Well, it certainly looks like we have met your exact needs. Would you like us to work with you on this project?" If she says "No," then you have a little work to do!

Start off with, “Why not?” Deal with any objections. Then ask for the business again. If the answer is, ultimately, “No,” the client doesn’t actually mean “No.” She means, “Your proposal hasn’t met my needs.” If you can, find out what needs you didn’t address, and make another pitch.

66. Create systems that work for you.

To develop a successful business, you have to develop systems. Systematize as much of the business as you possibly can; ideally, all of your business. Systems allow your efficiency to skyrocket, and your business to grow.

67. Measure your conversion rate of inquiries to sales.

One easy way of doubling your business is to double your conversion rate of inquiries to sales.

Measure every aspect of your interaction with a prospect and you will find that patterns start to emerge. Benchmark against others and see whether what they do works better than what you do.

For example, our research shows that there is a direct correlation between the amount of time we spend analyzing a prospect’s needs and our sales conversion rate. The longer we spend with a prospect, the more likely we are to get the business. We now schedule at least two meetings with the prospect. Quite often we’ll have three; less frequently, four.

You’ll need to take into account the variable factors as well. Our highest closure rate is with prospects referred from current clients. The lowest is prospects who find us through a newspaper advertisement.

68. Test new ideas.

Testing ideas can save you time, money, and heartache. If your idea is to start direct mail campaigns to promote your business, then it’s a good idea to start slowly and test the campaigns’ effectiveness before you take the plunge with a 10,000-piece mail-out.

Do you want to run a large-scale newspaper advertising campaign? Fine. First, test your copy in the local newspaper. Test everything, and use only that which passes your standards.

69. Write a business plan.

If you don't have a destination, you can't get there.

Think of a business plan as your road map to success. The majority of small businesses fail. Why are you going to be any different? Well, having a plan would be one enormous boost to your chances.

70. **Write down your goals.**

Don't forget to review them regularly.

71. **Create a continuous marketing plan.**

You need a steady stream of qualified prospects walking through the door. Create a marketing plan that will achieve this.

72. **Protect yourself.**

Your intellectual property can be an enormously valuable asset, and is one that needs protecting. Your knowledge can represent another opportunity to add value to a prospect's proposal. Consult intellectual property experts in our area to identify and protect your own rights.

73. **Get a mentor or two.**

If I'd started my business with the knowledge I have now, I would have been light years ahead!

Experience is the best teacher you can get. While you can't rush the gaining of experience, you can cheat a little! Working with a mentor—usually someone with considerable experience and skill—can shorten your learning curve and assist you in avoiding costly and unnecessary mistakes.

Don't just pick anyone. Ask someone you admire and, if you feel comfortable, ask the person on a formal basis if they would provide the benefit of their experience. If you're sneaky, you can simply invite the person to dinner every couple of months and pick their brains then!

74. **Cheat!**

When I have my marketing hat on, I call cheating *benchmarking*. It sounds so much nicer!

Take a thorough look at what your competition does, and why. Adopt or adapt their techniques, systems, and strategies to suit yourself. If you do what the competition does and then add your own unique touches, you'll have the basis of a business that can surge ahead.

75. **Make a next job recommendation before you finish the first job.**

This is one of our staple income producers. We always make a recommendation for another project when we are nearing completion of the first project for the client.

76. **Write an article ...or 20!**

For some reason, the written word conveys almost instant credibility and the perception of success. That's an advantage that can help you grow your business.

Write an article a week and start getting them published. Your profile will improve beyond measure.

77. **Start a Brag Wall.**

Our office's Brag Wall attracts plenty of comments. It's covered with framed letters and photographs, medals, trophies, and the like.

How do we get the complimentary letters and signed photographs from clients? We ask for them. Perhaps because of the relationships we've worked hard to establish, our clients are always delighted to oblige.

78. **Think outside the box.**

Don't do what everyone else does—most people are failing, so they're no help at all! Look at what others are doing, and do the opposite. Be a contrarian.

79. **Ask lots of questions.**

And listen to the answers.

80. **Be beautifully presented.**

People judge you almost instantly. They judge your professionalism, technical expertise, trustworthiness, and competency based on nothing more than how you look. Studies even show that the intonation of your voice is more important than what you say in affecting the listener's assessment of you!

81. Have a firm handshake.

It sounds pedantic, but businesspeople attach a lot of importance to having a firm handshake. Make sure you shake hands well. Test yourself with friends and get their feedback.

I'll tell you this: if your handshake is weak, people are talking about you negatively behind your back!

82. Turn your phone off.

There's nothing worse than your cell phone ringing during a meeting. Turn it off before you go in.

83. Remove your sunglasses.

If prospects can't see your eyes, they won't be as likely to trust you.

84. Should you accept a coffee?

I've read about a million business books in my time; many contain a section dedicated to whether you should accept coffee from a prospect. This question has obviously plagued many a businessperson, as it has been hotly debated in the many, many pages devoted to its discussion. Some authors warn of causing the host inconvenience, while others worry about the risk of spillage. Then there are the radicals, whose philosophy is based on never drinking something hot while with a prospect.

After much analysis and research, I've come up with an new theory on the acceptance and/or drinking of coffee offered by a prospect. And here it is.

If you would like to have a coffee, say, "Yes, please." If you don't want to have a coffee, say, "No, thank you." I know, I know. It's a controversial idea. But give it a try. It could just work. Seriously, if that's a major worry for you, then you'd better get used to a life of ulcers and antacids!

85. Don't take the credit.

Don't rush in to bask in the glory of your latest triumph. The success has come and should be richly accepted by ... your clients!

That's right! The success of whatever you've done to achieve or exceed your clients' objectives isn't thanks to you. The credit belongs to your clients. After all, they were

the ones who identified the need and contacted you. They were the ones with the good sense to employ you. Give credit where credit is due. And it's not with you.

86. **Get ready to haggle.**

From office furniture to software, auction sites such as eBay offer phenomenal savings; where possible, don't buy retail.

Keeping costs low is imperative. Learn how to negotiate the best deal for you and your business every time. Don't compromise on quality, but you'll be surprised at the price cuts you can get if you look and when you ask.

87. **Use a free report as a lead generator.**

People love receiving something for free. Don't ask me why, they just do. Could you provide a free report to your target market? Maybe add something like "100 hints on running a business—call now for your Free Report" to your homepage. See how it performs!

88. **Do something.**

Actions speak louder than words, and procrastination has killed many a business. When you have a hundred different problems in your head, it's tempting to take the easy way out and put them off for another day or two. Keep your business rolling along by being a firm and decisive leader.

89. **Love your competition.**

They'll keep you on your toes, give you competitive advantages, and can be a good source of leads. Get to know who your competition is and measure yourself against these businesses on a regular basis. Check out their prices and compare their service. Meet their people and see how they act. Visit their offices and see how professional they are.

About You

90. **Can do!**

You're going to need a "can do" attitude to be successful. Nothing will be too hard for you with your positive attitude and your ability to make a client's problem your own until it's solved! Welcome to the world of business.

91. Love what you do.

Running your own business is hard work. It can be a steep learning curve. You will work long hours some days. You will get your share of stress and a lot of problems. It can be hard, tough, and very lonely.

To work through all that, you have to love what you do! With passion and purpose, you will stride through the day happy in the knowledge that this is your business, and that you are in control of your own destiny. If you're like me, you won't view your business as work. It's more like a fun day away from home.

92. Get fit and healthy.

This is another one of those no-brainers. Get fit and healthy because it's the sensible thing to do—you'll be happier and have a much better life if you are fit and healthy. Don't put it off. Start today.

93. Don't take rejection personally.

Don't give it a second thought. It simply means you're putting yourself in a position to get a "Yes," so it's a good thing. Your success depends on you shrugging off disappointment and working through it. You'll get rejected many, many times, so get used to it.

94. I guarantee you'll fail.

At least, I hope you will! If you don't fail, you aren't trying hard enough. Every successful person fails at some point. Why? Because successful people are always pushing the envelope. In fact, they're always pushing it to the edge. Sometimes their plan doesn't come off; sometimes it does.

95. Be yourself.

When you try too hard you come across as insincere. Be yourself, relax, and enjoy yourself.

96. If you think you can't do it, you're right.

Believe in yourself totally. There is no room for self-doubt.

97. **Have fun!**

The more fun the better. Have a sense of humor in business and you'll get along just fine. I don't mean you have to be playing practical jokes every ten minutes, but you have to be able to look adversity in the face and say, "Ha!"

One example is the time our entire telephone system went down and we spent a couple of hours trying to source the problem. We eventually called in the telephone technician, at \$120 an hour. After a thorough and complete technical review of the issues, which took him three seconds, he came forth with something that might, just might, fix the problem.

He plugged the system back into the power point. All we could do was laugh.

98. **Think big.**

You're going to be taking some risks as you grow your business. Dream a little, and think big. Set those goals and strive for them!

99. **Relax.**

After everything else has been taken care of, make sure to take care of yourself. Have a drink, a facial, a game of golf, or just a nice cup of tea and a lie-down—you've earned it.

100. **Don't forget to sleep.**

Business can be hard, with long draining hours. Rest plenty, sleep, and take holidays. When your batteries are fully charged, you can attack your business with the gusto and energy that will see you achieve great success!

Chapter 21

Practical Applications: Case Studies

Demonstrating the effectiveness—or otherwise—of business-related strategies is much better than just talking about the theories behind them. For this reason, I've provided examples and stories throughout this kit to illustrate the points of discussion.

In this chapter, we'll meet a range of different freelance and small business owners in a number of case studies. I've kept the cases small and simple on purpose, in an effort to illustrate the key issues. A number of important points may not be immediately obvious, and some may even be completely unexpected.

Through the following ten case studies, we'll cover everything from networking, to speeches, to throwing a Christmas party, and much more. You'll see how I craftily manipulated seating arrangements so that a client might receive a \$15,000 donation to their charity. You'll learn how a relationship database really *can* build a business. We'll also discuss the importance of keeping in touch with your clients even when they reject your offer.

At first glance, the following case studies might seem like nice little stories that show how, with a bit of luck, we were successful. However, when you take a deeper look, you'll see the sophisticated and solid strategy behind each action and reaction.

The case studies are all absolute, real-life examples—I was personally involved in every single one. But not all these stories are related to web development. I've documented the best examples from a range of industries, just so you can see how one outcome might lead to another, snowball-style, as you grow your business.

Making a Fortune from a Fifty-cent Map

Background

As I wandered amongst the shower bays, garage doors, and outdoor furniture at a local home-show exhibition many moons ago, I was given a handy reference map that showed me the layout of the exhibition and where each display was situated. Included on the back of this map was a listing of the name and address of each attending business—an excellent idea to ensure that exhibitors received maximum exposure.

There's nothing a marketer likes better than a list of prospects. When I discovered a few moments later that space at the exhibition cost each business up to \$9,000 for two days, I just knew that every single one of those exhibitors had money to spend on their business, and were aggressive about achieving returns on their investments. I looked at the little map with new respect.

Once I'd reviewed the list on the back, I decided to try a direct mail campaign, and then make follow-up telephone calls in an attempt to secure meetings. I'd offer a web site to each of these businesses—an easy sell when you compare it to the value the exhibition had offered. We based the pricing (and the copy for the letter) around the knowledge that the average cost of a stall at the exhibition was \$4,000.

From a cold mail-out to 30 target exhibitors, we generated two new clients.

One of those clients was a pool builder who wanted to demonstrate his expertise to the local market. We found that before-and-after photographs were particularly effective for this client. His web site was successful from the day it launched.

Now, during a conversation about golf, my pool-builder client mentioned he was interested in joining an exclusive local golf club that sold memberships via shares. He said he'd love to check out the prospectus and take a look at the club sometime. So, the next time I was driving past the golf club, I called in to grab a prospectus for him.

While I was there, I introduced myself to the marketing manager. We got chatting about marketing, and he ended up driving me around the golf course in a golf cart, giving me the full tour of what was, basically, his product.

Action

I immediately sent the marketing manager of the golf course a letter to say thanks and tell him how nice it had been to meet him and tour the golf course. Of course, I also included a copy of our business newsletter.

I then dropped the golf club's prospectus off to the pool-builder client, who was delighted.

Outcome

Some two weeks later, the marketing manager rang me about completing a web site for the golf club. He'd read my newsletter and saw that we did web design.

After a few meetings and a sales pitch, I signed him up for a \$9,500 site. About six weeks after we'd finished the site, the marketing manager referred us to a member of his club, who signed up for a \$10,000 web site.

The golf pro at the club was starting a sideline business: we built her a \$5,000 site for it. A friend of hers needed a site for a promotions business: another \$7,500 came our way. Then, the marketing manager of the club wanted a site built for another company he was involved in. This was just a small site, which we built for around \$4,000.

Then, the marketing manager called again. Yet another company he was involved in—this time, a startup—was trying to secure funding and needed a business plan written. I gave him a quote, but alas, the company had no money to pay. Instead, I was offered a decent amount of equity in the company, so I agreed to this in lieu of payment and completed the plan. The startup received funding and forged ahead in leaps and bounds, my equity becoming increasingly valuable all along.



Sweetening the Deal

Completing the business plan for the startup on the speculation that the company would one day prove valuable was a difficult and risky decision to make. Various factors influence these types of decisions, such as the viability and management of the company, but primary among them in this case was the relationship I had established with the marketing manager. Due to the very significant amount of business he'd generated for me, the odds were in his favor that I'd agree.

Summary

I can trace another four web sites that were referred to us by the group mentioned here. Most of those sites were on monthly maintenance contracts, and two have since required

complete redevelopment; that's almost \$100,000 worth of business that has been generated from that one letter of thanks.

We have ongoing income from those clients who are on monthly maintenance and marketing contracts, and we've increased our referral base by a total of ten influential people.

Key Issues

To pick up that initial client and then the referral business from a letter and a newsletter was plain, dumb luck, wasn't it? Actually, it wasn't. What occurred was some simple, commonsense, proactive marketing that had the effect it was supposed to. Let's break this situation down.

First, I was proactive in considering the wants of my pool-builder client who mentioned his interest in joining that golf club, visiting the golf club of my own initiative. I approached the marketing manager because I guessed that making a contact within this prestigious golf club could be beneficial. Since I made the contact with a non-selling approach, and as I was a major choice influence on a potential customer of the club, the marketing manager was receptive; furthermore, because he wanted to sell my client a membership, he went out of his way to be nice to me.

On our tour of the course, I asked plenty of questions and took a sincere interest in the work the marketing manager was doing. He mentioned—without any prompting from me—that the club lacked a web site. But I didn't try to sell anything; I didn't even tell him that my business was in web design. We just talked marketing.

I sent the marketing manager a thank-you letter and our newsletter. He appreciated the letter because it showed good manners. However, the newsletter I sent wasn't any old newsletter; it was one I developed specifically for the marketing manager. Aha!

On the front page was a feature story about how good our business is at designing web sites. The third page contained an article describing our work with a sporting events web site, which I thought would help build our credentials as web designers for the sports and leisure industry. The newsletter was edited to reflect the marketing manager's interests, needs, and wants.

Here's the scenario at this point: I have a prospect that wants a web site. The prospect knows and likes me. He receives a newsletter from me that, incredibly, has a feature article discussing our web site expertise in his industry. He's in the market for a web site. I'm top of mind. Who does he call? Me! It wasn't by luck that I got that call. It was merely a logical progression.

The referrals didn't happen by accident, either. We provide excellent client service and, very importantly, we let the clients know that! How do we do this? We tell them! "Thanks for selecting us to do this web site," we say. "We take great pride in providing superb service and top quality results. I appreciate your recognizing this ... "

We also directly asked the marketing manager if he knew anyone else who wanted a web site. When he provided referrals, we rewarded him with a nice bottle of wine and a thank-you card. The marketing manager quickly became a very strong advocate of our business.

The \$15,000 Lunch: Networking for Success

Background

My friend Mary is a PR princess—she's a real mover and shaker. She's the vice-president of one of my city's top businesspeople's charity events. This organization holds four lunches a year, at which they introduce a guest speaker, run a raffle, and occasionally auction sporting memorabilia. Each year, the organization selects a charity to which they donate all the proceeds from the lunches and fund-raising activities run throughout that year. This donation usually amounts to around \$15,000 annually.

One of these lunches was coming up. Mary called me to see if I would attend. I told her I'd be glad to. I also have a client, Tracey, who is the public relations and fund-raising manager for a community charity that's based in the same city. Tracey was also coming to the lunch, along with Bianka, one of my team members.

Action

When we all sat down at lunch, I was seated next to my client, Tracey. She was seated next to Mary, my vice-president friend; my team-member Bianka was seated on Mary's other side. It was all very cozy!

Outcome

Mary, the vice-president of the organization, and Tracey, the charity manager, talked at length about the possibility of Tracey's charity becoming the selected beneficiary for the following year's fundraising efforts.

Summary

Tracey may generate a \$15,000 donation—and an enormous PR coup—if her charity is selected as the beneficiary of Mary's fundraising. The chances that this will happen are very, very high.

Tracey was very lucky ... or was she?

Key Issues

Of course she wasn't lucky! The entire situation was stage-managed from about a week before the lunch.

When Mary called me for a chat, we'd talked about the upcoming function. I asked her to make sure my group was seated on her table, as I hadn't spoken to her for ages and wanted to catch up, which was true. I then rang my client Tracey and invited her to the lunch as our guest.

Lunch wasn't really lunch. Lunch was an opportunity for us to generate new business. How? If you think all that's happened here is that we've helped our client by putting her in touch with Mary, think again. Here's a step-by-step account of how we may have generated business and goodwill from Tracey for years to come.

We gathered for the pre-lunch drinks and all the introductions were made. We then stood around and chatted for a while. Most of the people at our table—about ten of us in total—were standing together. When it was announced that all the guests were to move in and be seated for lunch, I moved to the side of Tracey and started chatting about her work. We walked into the function room together, and were still chatting when we sat down together.

Bianka had found a point of interest with Mary and they had been happily chatting away for five minutes before we moved in to sit down. Bianka guided Mary to the chair beside my client, and sat down herself.

It might look like the denouement of a detective novel, but here's the deal so far:

- The fact that Bianka and I sat at Mary's table was not an accident. I had asked her to seat us there beforehand.
- Tracey's presence at the lunch was no accident, either. I had called and specifically invited her to attend as our guest.
- It wasn't thanks to fate that Tracey sat next to me. I made sure I was standing beside her as we were called inside, and that we were chatting together as we sat down. Obviously, you'd be in close proximity to a person you were chatting with, so it's natural that you'd end up seated beside that person.

☞ Mary's being seated between Tracey and Bianka was not just a happy accident, either. Bianka's predetermined role was the same as mine: she was to chat with Mary as we moved in, then guide her to sit next to Tracey. We also needed to ensure that Mary and I sat apart, as we tend to have a bit of a chat when we get together!

Tracey, the charity's PR and fund-raising manager, found herself sitting next to Mary, one of the most influential people on a committee that provides a \$15,000 donation to a local charity each year.

Very importantly, I, a trusted friend, had introduced Tracey to Mary. This indicated to Mary that Tracey was a legitimate and professional person who, as a result of my introduction, received an implied endorsement. Compare this situation to one in which Tracey might cold call Mary and try to get an appointment to meet with her. There's a huge difference—and a much greater chance of success via the approach we took.

I know it's not going to come as a big surprise to you that I asked this question of Mary at the lunch: "Mary, is Tracey's charity one that your committee would consider for next year?" Okay, so I'm not very subtle, but it was a successful question: Mary and Tracey happily discussed the merits of the potential sponsorship for a good deal of time. Me? Well, I just sat there drinking beer!

Tracey had no idea that we had orchestrated the entire meeting. Maybe we should have indicated it, to ensure that she recognized our role in what could be an excellent opportunity for her charity. Then again, Tracey phoned me just three weeks after the lunch, to ask us to complete some work on her site. Maybe she saw through my plan.

The key issue for us is this: we helped a client out. Business tends to flow from that kind of activity.

Christmas Cheer!

Background

This isn't an example specific to web development, but it so perfectly illustrates the importance of knowing your clients—and developing the right relationship—that I've included it nonetheless.

I was consulting to a client who worked in the building industry and we were completing some general marketing for his business. Part of our agreement had involved developing a relationship database for him.

At my client's Christmas party that year, I found one of his customers, Bob, drinking champagne. I was chatting with him, and asked if he'd ever tried Moët. "No! It's way too expensive for me," was Bob's reply.

Action

After the party, I made a note in my client's database that Bob drank champagne, but had never tried Moët.

That year, my client completed a little work for Bob. Bob was the manager of a very large construction firm and was, potentially, a large client.

Christmas was soon upon us again and the invitations for my client's party went out. I was in his office when Bob phoned. He'd called to say that he couldn't attend the Christmas party, as he was going to England to visit a brother he hadn't seen for 20 years. My client wished him all the best.

When we went to make a note of that conversation, we saw the entry I had made about Bob never having tried Moët before. Within an hour, Bob received a beautifully presented bottle of Moët champagne, with a card from my client that read: "Happy Christmas Bob! Because you can't make it to our party this year, we thought we'd bring the party to you! I remember that you like champagne. Please enjoy this Moët with your brother on New Year's Eve. Thanks for your business throughout the year—we greatly value your support and it's been a pleasure working with you. All the best for a safe and happy holiday. "

Outcome

Four weeks later, my client received a telephone call from Bob, who wanted to thank him for the champagne.

A couple of weeks after this, Bob rang my client to say that they really appreciated his professionalism, and the quality of his work. My client was invited to be on the company's preferred contractors listing. My client had been trying to get onto that list for four years.

My client now automatically receives request-for-tender documents whenever the construction company requires the services of a company with his skills. This outcome has increased the business my client receives from Bob's company by 160%.

Summary

Christmas parties are a wonderful way to thank your clients for their custom, and to develop an effective working relationship. You meet your clients or prospects in a social

environment, and you'll have plenty of opportunities to talk and get to know each other a little better.

Remember? People prefer to do business with people they like. Moreover, people tend to like those who give them something for free!

Key Issues

A relationship database can provide you with the information you need, when you need it, so that you can make the very best decisions for your business.

With a good database, it's incredibly simple to keep in touch with those valuable clients!

The Concept of Free Speech

Background

I was asked to address about 60 people in attendance at an industry function on the topic of the role of the Internet in 21st-century business.

Action

I presented a 30-minute talk that explained how the Internet is affecting the business world. I showed examples of the successful integration of web sites as complementary sales and marketing channels across a variety of businesses, and I finished off quoting statistics on Internet trends. We then had a relaxed question-and-answer session.

I never try to sell with a speech. I find it much more effective to focus on the top-quality professionalism of my speech—that's the best sales tool of all.

Outcome

I was approached at the function by a prospect who wanted to establish a web site but who, until that point, had been unable to find a credible company to assist.

Within two weeks, I had received another two well-qualified leads.

Summary

Speaking to an industry group is a terrific way to generate clients.

My speeches are generally short and sharp. I'm a plain-speaking guy and, I think because I'm most comfortable this way, it works well for me. I always try to toss a little humour into the speech, in a self-deprecating manner. Never, never, never use someone else as

the butt of your jokes. There's always someone who will be offended, regardless of whom you make fun of! If you make fun of yourself, people generally appreciate the fact that you don't take yourself too seriously.

The benefit for us was a total of \$7,000 from that one speech.

Key Issues

- ☛ We didn't wait for the industry body to approach us to ask if we'd deliver a talk on the impact the Internet is having on business. We very regularly mail industry bodies and provide information about Internet statistics and relevance, and offer our services free of charge if they're holding a seminar or workshop. The industry body appears proactive, relevant, and informed to their members because they source speakers on topics of interest. We regularly do these sorts of speeches because we have an ongoing system of contact. Every three months, we pick an industry and start communications with its key representative bodies. More often than not, that contact will lead to something.
- ☛ Since we're called in to speak by the industry body, our business has their implied endorsement. This aspect takes our presentation from a sales pitch to a quality speech by an expert.
- ☛ One of the conditions under which we often agree to speak is that we gain access to the database of delegates attending the speech, although this factor isn't overly important, and we don't insist on it.
- ☛ We ask every delegate to fill out a quick survey regarding the speech, the materials presented, and any comments they have. We offer free additional materials that relate to the speech, and the form requires the respondent's name and address. This provides us with valuable information for our database.
- ☛ We mail every delegate a letter of thanks the following day, and make them an offer of a free, hour-long consultation on any web-related issues they might like to discuss. Depending on the industry, we might send a gift: a mouse pad, business card holder, or mug, for example.

Why to Keep in Touch with People who Say “No”

Background

A client for whom we had designed a site decided not to take us up on our offer of ongoing web site maintenance and marketing. This client was computer-literate and had an excellent working knowledge of the Internet.

Action

We kept in contact with the client through our newsletter, Christmas cards—the usual communications. We provided web marketing information on a regular basis to assist the client in marketing his own site.

We had some discussions with him about how his web site was performing, in terms of visitor and sales statistics.

I also provided very general information about how his site was performing compared to other sites we were involved with in the same industry, so that he had some basis for benchmarking the success of his marketing efforts. We quantified this information for him.

Outcome

Over time, it became apparent to the client that:

- He didn't know a lot about web site marketing.
- Similar web sites we marketed were attracting up to seven times as many visitors as was his.

He rang me to ask if we could manage his web site.

Summary

The client has been on a contract for ongoing work with us for just 14 months now, at a total cost of over \$3,000.

His web site visitor figures are five times what they were when he first handed us the task of marketing his site. His sales have increased sevenfold.

Key Issues

It can be a slow process to establish trust with a client; you have to work at it. I'm not sure why the client didn't initially accept our quote for ongoing work, though he said it was because he was certain he knew enough about the Internet to be able to take care of the site.

Our supply of marketing materials and information about the success of other sites was designed to aid the client, but also to indicate to him that sophisticated expertise would be required to market his web site effectively, and that we were outperforming him.

Once we could put a dollar figure on the benefit of our expertise, our client could complete a cost/benefit analysis and see clearly that we would generate him extra profits.

When a client says "No," remember that they often just mean, "Not now."

Why Referred Prospects are the Best Clients

Background

A client provided me with the name and address of a friend of his who'd expressed interest in having a web site developed.

Action

I wrote an introductory letter to the prospect, which stated in its opening line that I was writing because his friend had asked me to.

I basically explained the success of his friend's web site, and said I'd ring him to arrange a time for us to meet and have a chat.

Outcome

Within three days, we'd commenced work on the web site. The total of the project came to \$2,500.

Summary

Through an existing client, we won another customer for web development with an ongoing monthly contract. This new client has since required additional work on his web site to the tune of \$1,500.

Key Issues

Again, it wasn't luck that the client gave us his friend's name. We specifically ask clients for referrals on the basis that we've provided them with great service and will do the same for others.

We send off a sincere thank-you card to each client who refers us a prospect. Then, if the prospect doesn't become a client, we let the referrer know, and thank them for providing us the opportunity. However, if the prospect does become a client, we send the referrer a gift. The nature of the gift depends on our relationship with the person, and the value of the business they referred. If people refer me \$50,000 worth of new business, they will receive a better gift than if the business were worth \$50!

Many people I speak to worry that providing rewards for referrals might be taken the wrong way. My response to this is that it's the motivation behind what you do that counts. If a person helps me by sending clients my way, then I am going to say, "Thanks so much for your help in growing my business. I truly appreciate it." It's simply good manners.

The reasons you want referred prospects are:

- ☛ They almost always agree to your proposal.
- ☛ They are far more profitable than cold prospects (you spend less time selling to them, they tend to accept your ideas, and so on).
- ☛ They pay more quickly.
- ☛ They refer their friends more often.

Buy a Housewarming Gift in One Easy Step

Background

One of our clients owns a retail plant nursery. This client has been with us for years, during which time we've developed and maintained a successful web site for him. The nursery is located about 30 miles from where I live.

Action

I was buying a housewarming gift for a friend and decided on a plant—boring, I know! With three nurseries located close to my home, I had quite a range to choose from. Yet, I chose to drive the 30 miles to my client's shop, found a plant for my friend, and purchased it.

Outcome

It took an hour longer to find and buy the gift. My friend liked the gift—it was a lovely tall Bird of Paradise.

Summary

Always support your clients' businesses. You can subtly let them know you do, if they're not actually on-site when you stop by. As long as they know; that's the main thing.

Don't ask for a discount. Don't expect "mates rates." Don't expect something for free. You didn't discount your work, they shouldn't discount theirs.

Key Issues

If people support your business, support their business every single time. Sometimes it might be inconvenient—even a real pain. But this is a person who has put food on your table, and the least you can do is reciprocate wherever you can.

Newspapers: a Great Way to Advertise

Background

We've advertised our web services in newspapers quite a few times, via large display advertisements and classified ads.

Action

We placed a classified advertisement in a free local paper. The total cost of this exercise was \$22.

Outcome

The day the advertisement ran, we received a call from a prospect who had seen the advertisement and who was interested in commencing a web-based business. We arranged a meeting for the next day. Since then, we've completed two web sites for this client, we have two ongoing monthly contracts, and we've provided extensive consulting work.

Summary

We have generated over \$20,000 from this client, all as a direct result of a \$22 newspaper advertisement. We have a delighted client who continues to be a strong advocate for our business.

Key Issues

Advertising works, albeit not every time, and not every type. Keep testing different advertising methods, and you will find out what works best to attract the types of clients you want.

Just Call Me Mr. Nice Guy

Background

It was mid-afternoon on a perfect summer's day and I was heading down the highway towards home. Checking out the billboards on the side of the road, I noticed a high-profile telephone dealer had put up a new poster.

An eye-catching feature of the promotion was his web site address. When I got home I checked out his company's web site and found ... nothing! The dealer had printed the wrong URL on this enormous billboard—instead of being crazybob.com, it was crazybobs.com. The billboard would be costing an estimated \$3,000 per month to advertise a non-existent web address.

Action

I thoroughly checked out the domain name registrations to ensure the name crazybobs.com wasn't registered. It was still available.

I then telephoned the dealer, explained the situation, and—after he'd finished swearing about his advertising team—provided him with an overview of the situation and three possible options:

- Do nothing.
- Have the billboard changed at a cost of at least \$2,000.
- Register the faulty domain name and put a simple redirect on it, so those visitors who used the incorrect URL would be automatically redirected to the dealer's web site.

I recommended option three, and quoted the price for the domain name. I offered to take care of everything for the dealer.

Outcome

The dealer assented to the third option.

Within an hour, the domain name had been registered, the redirect was applied and working, and my invoice, covering letter and business card was on its way to Crazy Bob. To finish off, I rang the client and informed him that the work had been done.

Summary

Business is about developing relationships, and putting yourself in situations where your quality and expertise shine through.

I identified an opportunity to commence a relationship where I appeared as an honest, efficient, and professional person. I very quickly provided options for the client, made a recommendation backed up by solid reasoning, and implemented the strategy within minutes.

Key Issues

Who do you think Crazy Bob will call to do his web work from now on? Not me, actually!

The advertising agency and Crazy Bob himself were the ones who made the mistake with the domain name in the ad. The web design firm had done an excellent job on the site itself.

However, I have established a key relationship with a decent-sized business that might accept an offer for some work when I next make one. My business is credible, efficient, and professional in the client's eyes. As I keep in touch with this client over the years, things might change. We'll be there to help.

We Made the Perfect Pitch ...

Background

A client recommended us for the development of a major clothing brand's web site. The previous site had failed to meet the needs of the client.

Action

We contacted the client and held the initial meeting. The client told us what the goals for the site were: to inform and entertain the target market. The site was to be fast-loading, informative, and easy for the company's staff to change. They wanted to achieve high search engine rankings.

We had a total of four meetings to ensure we received as much detail and information as possible. We finally made the pitch using a paper report and a CD that included examples,

graphics, and sound. Why? They'd specifically asked that we made the pitch this way. It all went perfectly.

Outcome

We didn't get the job!

I asked the prospect why not, and she said it was because the winner had provided what they felt was a better solution to their brief. I sent a letter to the prospect to thank her for the opportunity to pitch.

She has since received a couple of newsletters and a news clipping from us. We'll probably send them a "Happy Birthday to Your Site" card on the first anniversary of the launch.

Summary

The site eventually developed was the exact opposite of the brief we received. It's completely Flash-based, takes more than a minute to load, cannot be updated by their team, and was not updated for almost eight months. The site is not well-ranked by search engines.

Key Issues

You're not going to win every job you pitch for. Sometimes, when you think you know exactly what the client wants, you're completely wrong. We learned a lot from this experience:

- We learned that our process for assessing clients required work.
- We learned that we must continue to ask questions, even as we present our pitch.
- We also learned that we can't always effectively demonstrate the benefits of our proposal.

Summary

Attracting and keeping business isn't a matter of luck. It's usually a matter of putting yourself in the right place at the right time. It's about making things happen that can result in new business.

It's not always obvious how you will benefit from many of the strategies I've mentioned above—or if you will at all. But with experience, you'll notice a trend in the results. If you use more effectively targeted advertisements, you'll receive more calls. If you contact your clients more often, you can make more add-on sales. If you reward those who refer you new business, you will continue to receive referrals.

444 The Web Design Business Kit

I don't claim that the ways in which I run my business will be the right way for everyone to follow; they're not meant to be. It's right for me and seems to work very well, but I'd be the first to tell you we can do better. I do hope, however, you can see the motivation behind what we do—if it's not to attract new clients, it's to make sure the clients get the best possible experience with us.

I hope this kit has provided some useful insights for running your business, and that some of the simple secrets we've discussed will make a difference. If you found the information here useful, please don't just put this kit on a shelf with all the others. *Do something!* Write a letter, send out a media release, join a business group, take a newspaper advertisement, get business cards printed. You'll find that by taking action, you have started something. One thing will lead to another and, before you know it, things will happen just the way you want them to.

Opportunities abound out there in the big wide world of business. We have more opportunities today than were ever available before the advent of the World Wide Web. Whatever information you need is no more than a few mouse clicks away, and the whole world is literally clamoring at your door! Opening the door to let it in will help make your life everything you want it to be!

Chapter 22

Case Studies with Matt Mickiewicz

Over the past years, I've interviewed numerous successful freelancers and small business owners. They've shared their tips, told me their secrets, and explained how others could avoid the mistakes they made.

The interviews we've included here were hand-picked from the SitePoint web site. Be sure to check at SitePoint for more case studies—we're always updating!

—Matt Mickiewicz, COO of SitePoint

Starting Small, Growing Big: Reactive Media

Melbourne-based Reactive Media started humbly, back in 1996, with just two people: Tim O'Neill and Tim Fouhy.¹ Both were fresh out of the Wanganui Polytechnic Design School with degrees in Computer Graphic Design.

“The company was formed by having contracts with two major clients: Sausage Software and McKercher Advertising. Each of these contracts basically occupied 50% of our time, leaving very little room for taking on other clients. Over the years, though, we started working on a wider variety of commercial projects,” says O'Neill.

Business was so brisk that after the first year they hired their first web designer. “We found him the old-fashioned way—a newspaper ad! Back then, web designers were hard

¹ <http://www.reactivemedia.com.au/>

to come by, and we had about 20 responses, which we thought was a lot. Recently, we hired a web designer and had over 110 applicants without even paying for advertising,” says Fouhy.

Secrets of Successful Client Management

The first step the people at Reactive Media take when potential clients approach them? They prequalify. “When we receive a lead, we normally have an informal prequalifying process. We read their brief (if there is one), look at their current site (if they have one), and try to find out what their company is all about.

“We receive a lot of unqualified email leads, which we simply reply to with a standard questionnaire and a note that states our minimum project budget. Most of these leads never get back to us! Serious prospects always stand out. They’ll normally phone us, and will have a defined project brief—we always follow these up with a meeting.”

Once they’re sure that the prospect is serious and ready to buy, Reactive Media presents a ten-page proposal to the client. This proposal includes: about us, case studies, a project overview (as they understand it), project outline (steps involved in the project), a sitemap (front-end and back-end), a project rate schedule (with detailed breakdown of costs), terms of payment, and a conclusion. “We will almost always refuse to do unpaid concept designs. The only exception was once, when we did it for MTV!”

The dotcom bust of 2000 didn’t affect the company a great deal. In fact, it turned out to be a positive experience. “We were still quite small when the bust happened, and so it really didn’t affect us,” O’Neill explains. “Many of the large web development firms in Australia closed down, which means we’ve had access to increasingly larger and higher profile projects.”

Landing the Big Clients

Big clients are the eventual goal of every web design firm as the business expands and grows—after all, at a certain point, the small guys just won’t be able to afford you anymore.

Big companies need to reach more people, they have a greater awareness of branding, and a need for absolute quality. With that comes big budgets for marketing and web design. How can you reach them? By being where they are, by actively marketing to them, and by asking them for their business. Send them a letter, call them up for a survey, and network at the functions, social events, and fund-raisers that they attend.

Don't forget one of the biggest potential clients of them all—government. Reactive has completed many government projects over the years, and though they're great to get, these are not always the easiest to win in a tender situation. "Government clients are mandated to tender projects over certain budgets, and so we're usually up against four or more other companies. Our local and state government clients sometimes have template proposal forms—every company completes the same template. This gives everyone a level playing field; they give no weighting towards flashy company leaflets," says O'Neill.

The Biggest Lesson: Learned the Hard Way

The biggest lesson that the company's learned? Watch out for scope creep. "When we were building a particular site, the scope of the project began to creep, and bugs in the very complicated Flash code began to appear. Before we knew it, we were twice over budget. Still more enhancements came in from the client, and more issues appeared, and still we worked away on it. Ten months later the site was three times over budget ... and we covered the cost," says O'Neill.

"What did we end up doing? We reworked our processes, and now document the scope of projects in much more detail. We also now allow much more time when doing complicated database programming in Flash. Fortunately, that site was well received, and won Macromedia Site of the Week."

In fact, Reactive Media has won the Macromedia Site of the Week no fewer than eight times! "We are fortunate to have some clients (a very small percentage!) for whom it's appropriate to develop Flash sites. We put a lot of energy into these projects, which means that they're often the least profitable, but they're always a lot of fun.

"I like to think that we develop Flash sites in a smart way. We don't do unnecessary animation for the sake of it, and we are always conscious of the target audience. When we build an animation, we try to think about new ways to approach it, instead of just fading text in and out."

Their latest winning Flash design? Grand Ridge Breweries, which features an addictive BeerInvaders game.²

The Results: Growth and Staff

Reactive now has nine full-time staff, and works with some of Australia's biggest and most prestigious organizations, such as IOOF, Esanda, L'Oréal, Peregrine, Garnier, City

² <http://www.grand-ridge.com.au/>

of Melbourne, and CPA. Revenue has continued to grow by 60% each year over the last three years.

Struggle to Success: Walmac Interactive

Chris Walker is the co-founder of Walmac Interactive, a Sydney-based web design firm that now employs seven people.³ They have done work for Intel, Fairfax, Coca-Cola, and Baz Luhrmann (director of *Moulin Rouge*). However, getting to this point was not easy. Walmac started back in 1996 with loans taken on by Chris and his business partner. Within the first 18 months, they had racked up US\$20,000 in debt. “This was all spent on setting up an office, employing a graphic designer, and paying ourselves a small wage of about \$200 a week each—barely enough to live on.”

Starting Out

The company’s first client was a small courier business. “Their logo was a flying bee, so I downloaded a free GIF animation program, animated their bee’s wings, and made the bee fly across the screen. That was in early 1996, when most of the companies I’d spoken to didn’t see the value in investing in a web site, or didn’t even know what a web site was.

“I presented my piece of animation wizardry to the CEO of the courier firm, and he was sold! We got the contract to build their site. I think we charged them about \$1,600 total—about the same amount that we now charge for a day of one developer’s time!”

The company’s second client came as a result of a lot of cold-calls to companies listed in the phone book. “This is a tried-and-tested method of generating business that I learned many years ago working as an advertising telesalesperson. It’s not a lot of fun, and I got more rejections than most people could handle, but if you’re prepared to put the calls in, and you have a good spiel, it will generate leads. We don’t do marketing like that anymore ... thankfully.” Fortunately, the client was the American Chamber of Commerce in Australia.

Going it Alone

In 1998, Chris parted company with his business partner and took on the entire debt alone. At that stage, Walmac consisted of just one subcontracted graphic designer and Chris himself. “Within a year we’d grown the business to twice that size, and actually

³ <http://www.walmac.com.au/>

started to make money. I offered my subcontractor a full-time position and employed another full-time designer, a junior developer, and a multimedia developer/programmer.”

Then, in 1999, fate struck. Chris received an email from the head of online marketing for Intel in Australia. She’d seen one of Walmac’s sites, which had recently won the Macro-media Site of the Day Award, and was so impressed that she offered Walmac an opportunity to work on a project for Intel.

“At that stage, we were introduced to Intel’s advertising agency, Euro RSCG (the world’s fifth biggest ad agency). We completed the initial project for Intel, and Euro RSCG seemed to be reasonably impressed by both the work, the six-week timeline, and the budget that we’d worked with.

“We wanted to impress them so we decided to use as many technologies as possible. We came up with the idea of building a site called Didgeridoo, which would explain how to make and play a didgeridoo, allow users to play a virtual didgeridoo on screen, and let them visit a VR environment of a real aboriginal corroboree.” You can still see the web site Walmac designed.⁴

Acquisition and Growth

By mid-1999, Walmac was given the opportunity to be acquired by Euro RSCG, and become their second web development firm in Sydney. At this point, Walmac basically became the Interactive Department for three of Euro RSCG’s ad agencies. That year, the company grew to seven people and has stayed at that size ever since. “Today, 80–90% of our work comes from within the agency.

“For the first four years of business we consistently doubled our revenue each year. Then, over the last two years, we seem to have hit a revenue ceiling. We’re working on a number of ways to overcome this—mostly by refining our internal development processes, and attempting to increase productivity without compromising quality.

“We’ve also begun to develop our own software solutions such as a Flash-based CMS and an online recruitment product. The idea is to continue developing content as we always have, but also to begin to sell or licence our CMS and recruitment solutions. This will generate a secondary revenue stream, promote additional contract work, and help us to move forward and grow.”

⁴ <http://www.indig.com/didgeridoo/>

Pitching to Perfection

When they're working with new clients, rather than ask clients for a brief, Walmac asks them to fill out a questionnaire. "Depending on the type of project (whether it's a site re-design or re-build, a CD-ROM, or anything else), I'll pose a standard set of questions. I have a questionnaire that I use for most scenarios, which asks questions like, 'What do you like about your current site?' 'What don't you like about it?' 'What are the primary business goals of the project?' and 'What is the budget?'

"Once we have the answers, I create a written assessment of the project and provide the client with a blow-by-blow breakdown of how we propose to approach it. I also provide, where possible, a breakdown of costs, and highlight what I think is mandatory for the success of the project," says Chris. "I've written proposals as long as a hundred or so pages and as short as a simple email—it really depends on the client, the size and complexity of the project, and the actual revenue potential of the job. I don't chase every opportunity; if something doesn't look like it would be a good fit for my team, then I'll generally leave it alone.

"It's hard to avoid unpaid work—especially with a team of guys who think they are creative gurus! We tend to over-deliver on most jobs. I usually factor a small amount into each quote to accommodate feature creep ... and I also state in our contracts that we don't work for free.

"I believe that businesses move through reasonably similar online life cycles. A company that set up a web site in 1997, initially putting up a brochure site, might have considered moving to a CMS solution around 2000–2001.

"This is just one example, but it suggests there are always new opportunities to be mined online," Chris explains. "By simply picking a few key industries with which we have experience, and looking at the sites of companies in those industries, we can quickly build a list of potential clients, assess their needs, and develop strategies for contacting them."

Success in the Long Term

According to Chris, developing cashflow as quickly as possible is key to survival (especially if, like most small businesses, you have the burden of debt). Develop a good cashflow as quickly as possible by networking and winning business, get out of the office—away from the computer—and meet as many people as you can. Chris advises new business owners to evangelize their company as much as they can bear it. "Sell yourself and your team at every opportunity, and don't be afraid to take risks."

Chris also advises web development firms to check out the local competition and identify companies who do well what you do poorly. “Talk to them about partnerships. Embrace your competitors—try to think of them as potential customers. Chances are that they’ll listen and respect you for it, and this can often lead to business opportunities.

“A few small firms partnered together strategically can often take on the big guys and win business. Just be careful when you choose companies to partner with—make certain that everyone is clear about who will do what, how the payments will be divided, and the client managed.”

Most importantly? Have fun!

Seven Keys to Success: Adwire

Adwire was officially founded in June of 1996, as a partnership between the father and daughter team of Kent and Wendy Nield.⁵ Adwire was started quite humbly and was completely self-funded, with both partners working to bring in new business and establish contacts, while keeping other jobs and completing Adwire’s projects. “In December of 1997, I left my other web design work behind and focused completely on Adwire,” says Wendy Nield. “We moved into our new offices in Century City and began to bring in bigger contracts with companies like the United States Postal Service and Paramount Pictures. In the spring of 1998, Adwire expanded to include two additional people.”

Key #1: Let the Workload Justify your Company Size

Throughout the company’s history, Adwire has relied solely on incoming work to fund the business. They’ve never gone to outside investors.

“We have expanded and contracted to fit the needs of our business. At our smallest, we were two; at our largest, 12. Currently, we have six full-time employees with two part-time freelancers,” says Wendy.

Key #2: Don’t Focus on “Cheap” Sectors with Slim Margins

Wendy comments that, “remarkably, some of our smallest projects have been from some of our biggest accounts—like Warner Brothers and New Line Cinema. Entertainment companies were notorious for trying to get a lot for very little. This is one of the reasons why we decided early on not to focus just on the entertainment industry, and began to diversify and expand into other markets.”

⁵ <http://www.adwire.com/>

Other companies we've interviewed have said that small-budget projects are just as time-consuming as the larger ones. Some companies have refused to touch anything that's smaller than, say, US\$6,000.

Key #3: Use Existing or Past Contacts

When the company was in its embryonic stages and both Kent and Wendy held other jobs, Adwire used its existing contacts to build a client base. "What worked well for us was that Kent was working as a financial executive and had relationships with a variety of suppliers," Wendy says.

"We went to the people we already knew and simply let them know that we had officially started a web design firm. From that point, we were able to get some referrals and started building a portfolio and client list.

"We expanded on that by gaining new referrals from clients as a result of the good work and customer service we gave. In some cases we asked for referrals, but most of the time our clients offered them up without us even asking, which worked out nicely. And it still pretty much works the same way today.

"You have to be good, but if you don't know people who can give you work, or put you in touch with people who need the services you're offering, you're not going to get much business. So it's important first to look at who you know before you go out and spend all this money, time, and effort trying to get business from people you don't know, and who don't know you."

Key #4: Do What You Say You Will

One of the company's keys to success, happy clients, and plenty of referrals has been the relationship they've established with everyone they've worked with.

"We're small," Wendy explains. "That eliminates layers of bureaucracy. However, our process has been finely tuned to make sure that the clients are involved with every step of the project—they never feel shut out of the process. Plus, Ken Berger (who is our COO and is in charge of account service) is exceptionally good at establishing a solid relationship with every one of our clients.

"He creates a trusting relationship by following through on what he says he and our company can do. The key here is that he never, at any time, over-promises on what we can deliver, which is where a lot of design firms get themselves into a lot of trouble. He also empathizes and listens to what the client is looking for and going through."

Key #5: Be Patient, Don't Burn Bridges, Keep in Touch

“It’s really hard to get into big companies when you don’t have a personal relationship to tap into—it’s even difficult to get into big companies when you do have a personal relationship to tap into! I know a number of people personally at Disney, but we still can’t get our foot into that door.

“But the key is to be patient and continue to build and solidify the relationships you have. If you do this genuinely and diligently, you’ll be in the right place at the right time to gain new business. In other words, don’t always be in a hurry, because good relationships take time.”

Key #6: Spend Time on the Proposal

“We work really hard on our proposals. We make sure that they relate specifically to the project we’re bidding on, and that they explain in as much detail as possible exactly what we will be doing for the money we’re charging,” notes Wendy.

“We include a description of the company, and explain why our experience and skills are relevant to this particular project. We describe how we see the project and offer our ideas about the best solutions for the project.

“We also include a detailed description of our project management process as it relates to the work, and detail exactly what we will deliver at each stage of the project. Finally, we come up with some really great ideas that are not included in the request for proposal—ideas that are distinctively Adwire—that solve problems the prospect hasn’t necessarily identified and sell them as optional add-ons.

“We always attach a detailed project schedule (which is how we estimate the project) and a series of case studies that are relevant to the job we are bidding on. The proposals are usually between ten and 20 pages long.”

Adwire’s record time in acquiring a client was three days, but that’s not the norm. Wendy tells us it usually takes several months and multiple meetings before an agreement is signed.

Key #7: Go Back to Clients and Ask for More Business

“We stay in constant contact with our clients, and make suggestions for new projects whenever we can,” Wendy says. “Actually, we’ve recently implemented regularly-scheduled brainstorming sessions internally to come up with new ideas to pitch to existing

clients. We believe that doing this will allow us to become even more proactive in exploring ways to enhance our relationships with clients.

“As you know, it’s very easy to get inundated with project after project, and forget how you can go back to a previous/existing client and create even more value for them.”

The Results Speak for Themselves

The results of all of this? Adwire’s client list includes Universal, Paramount, US Postal Service, New Line Cinema, PBS, Warner Brothers, Vanguard, and Union Bank.

The company completes anywhere from ten to 20 projects in a quarter. “Right now, we’re actively working with five clients on various projects. We’re usually working on between four and ten projects at any given time, depending on the size of the projects.”

Five Minds are Better than One: CrashShop

CrashShop, a Seattle-based web design firm was founded on January 1, 2000—just three months before the huge NASDAQ crash.⁶ “But,” notes founder Tony Jacobsen, “it’s turned out pretty well. We’ve been eating and paying bills for over seven years now!” Indeed, the firm’s client list includes such high-profile names as: American Cancer Society, The Bill & Melinda Gates Foundation, Microsoft, US Department of Energy, and Adobe. So how did they do it?

From Small Beginnings ...

Currently, the firm has five full-time employees. Initially, each was a freelancer who had their own independent clients. All five started their freelancing careers between 1995 and 1998, so they each had a lot of experience under their belts. “We were all meeting for coffee on a weekly basis, kind of like freelancers unite—and discussing clients, projects, design, and technology,” Tony explains.

Out of those meetings, the idea surfaced that it’d be cool if the group had a loft space that they could all work out of, which would also allow them to feed off each other creatively.

“The more we discussed the idea, the more it started turning into a vision of just starting a company. Being one-person operations seemed to limit each of us from getting the bigger, more complex projects.”

⁶ <http://www.crashshop.com/>

As soon as a loft space was chosen, each of the company founders began to tell their clients about the new collaboration. “We each told our current and past clients that we had started a new design and technology firm. We basically told them ‘it’s the same great me, but with the strength, power, and expertise of four others backing up the work you’ve come to know and love.’”

And, because of the additional business overhead, and the increased capabilities each individual could now offer their respective clients, they also increased their rates.

The Secret of Success

Once the company started, they had to have a lot of meetings and discussions about how things were going to be run. They decided to reject any project under US\$6,000. “There’s an odd thing about projects with small budgets. They seem to always take just as long, and end up being more work than projects with big budgets.”

This approach worked in the business’s favor. Says Tony, “The first official client of CrashShop was The Bill & Melinda Gates Foundation. That project came through a word-of-mouth contact.”

In fact, the vast majority of the company’s business has come through word of mouth. “We invest heavily in going to lunch, coffee, or drinks with people. Anything that facilitates word-of-mouth contact. Almost every job we’ve done has begun that way. It’s how things get done in the world.

“One thing that has been an advantage is that we each had been working in the industry for several years and weren’t starting out cold. We had a good deal of individual momentum when we started CrashShop.”

One company member, Jason Hickner, actually has one of his home page designs exhibited in the San Francisco Museum of Modern Art. “When Netscape 4 launched, it opened up the whole world of DHTML. Jason jumped on this right away, and had the third DHTML site in existence.

“The site Jason created received 50,000 visitors in its first weekend online. At that time, the Museum of Modern Art was creating a web site exhibit to capture what was going on with the Internet, and Jason’s site was selected to be included in the exhibit.”

A Different Approach to Selling

One big lesson that the group learned early on was that just because clients might send out a request for proposals for a web design project, that didn’t necessarily mean they

knew what they needed. “We’ve often created a proposal as a response to an RFP and sidestepped the hoop-jumping exercise that they’ve asked us to respond to. In that proposal, we outline what we think is the best thing to do and what would best suit their situation.

“We call the clients and ask any necessary questions, or have a meeting to inquire about the nature of various aspects of the project or their company. It’s important not to forget that you—not the clients—are the expert. That’s why they’re hiring you.”

As for the big-name clients on CrashShop’s list, “Why would they need to outsource?” Tony asks. “Well, having personally worked inside a large corporation before, I am often amazed that a corporation can get anything done at all!

“When a large company outsources a project, they’re usually able to benefit from knowing how long things are going to take, and how much that work will cost them. It would be scary to compare the efficiency of an internal design team with that of an external team completing an identical project.”

As for getting these projects? “My advice is: don’t burn bridges! All our big-client jobs have come from people we used to work with, who are now working in big corporations, or from someone we know who gets a new job at a big corporation.”

Making the Pitch

Currently, the company closes the deal with two-thirds of the proposals it writes. At the first meeting, a lot of screening questions are asked, such as:

- When do you plan to launch this project?
- What kind of budget are you planning on?
- What kind of response are you seeing initially to your product/service/concept?”

“Those questions help screen out the jokers and yahoos,” notes Tony. “After we’ve learned enough about the clients, their history, and the project, we put together a rough draft proposal without numbers. This allows us to do a quick walk-through with the clients to make sure that all of us are on the same page. Inevitably, we find discrepancies in the planned deliverables.

“We feel this is very important—we think a lot of firms out there are just throwing together a proposal and rushing into the project without ever making sure that they’re doing the exact work the client wants from them.

“After that rough draft proposal, we make the edits based on client feedback and then send over a final proposal with dollar figures attached.”

Tony’s tips for creating a winning proposal? “Basically, it boils down to asking a lot of questions, listening to the answers, and facilitating a relationship via in-person meetings. We never quote projects over the phone.”

Not surprisingly, the company is doing well financially. “We’re not millionaires, but we are eating and paying our bills, and occasionally we have a nice little chunk of cash to do something cool with.”

His final words of advice? “Be sure to set aside at least 25% for taxes.”

Actioning these Items for Yourself

Implement the secrets of Tony’s success in your own operations:

Personal relationships are the key to success.

Take everyone you know out to lunch or coffee and tell them what you’re doing (“I’ve started my own web design company ...”). Talk to them about what they’re doing, and let them know that if they know anyone who needs what you’re selling, to tell them about your business. Give them some of your business cards.

Small projects can take just as much time as bigger ones.

Don’t force yourself into accepting petty work when you could be focusing your energies on larger, more profitable clients.

In the first draft of the proposal, outline the deliverables—but don’t include prices.

Only after all differences have been worked out as to what needs to be done, provide your final proposal with prices.

Don’t have enough money to hire employees and fund the first few months of expenses out of your own pocket?

Join other freelancers in your city and share an office so you have a professional workspace, and can bounce ideas off each other. If it works out, start a company together.

Expand Without Offices or Staff: Digital Skyline Studios

Paul Baugher started off his web design career working as the third employee in WWWeb-Masters, Inc. in 1996. He was responsible for maintaining the company network, building

all client web sites, answering the phones, coming up with marketing materials, writing help files, training new employees, and so on.

All these roles gave him a tremendous amount of experience in building a business, and WWWeb-Masters eventually grew to have a list of 50 clients. When the business was sold in late 1998, Paul decided to walk away and start his own company, Digital Skyline Studios.⁷

Starting Out

“I contacted people I’d worked with over the years, and basically networked until I found my first client,” Paul explains. “At one point, I was forced to go to work for SilverCube [a now-defunct new media company] to pay my bills. Things were really rocky, although I met some great talent while I worked there.

“I saw many problems at SilverCube, and they turned out to be my strongest motivation in continuing to build on Digital Skyline Studios. I realized once and for all that if you want something done right, you must do it yourself.”

At SilverCube, Paul made the contacts necessary to eventually land a job building a Ford intranet site. “With the money I made on the deal, I invested in new equipment, and joined several organizations such as the BBB and the local Chamber of Commerce—all of which helped solidify my company and gave me a real head start in acquiring new clients.”

Expansion—Virtually

As the business grew, Paul decided against going through the traditional route of opening an office and hiring employees. Instead, he built an online application that allows his company to use a group of about ten freelancers (most of them local), to work on projects as necessary.

“Our business model and foundation is one that allows freelancers to log on from anywhere in the world and obtain information about projects. All of their hours, projects, and tasks are tracked online, and are available to our clients 24/7. I know most of the freelancers personally, and while some of them do web work for a living, a few do it on the side.”

The system, which runs at the back of the Digital Skyline site, lets Paul keep track of the freelancers’ hours, along with their original quote—allowing him to hold each party accountable for their estimates.

⁷ <http://www.digitalskyline.com/>

When billing clients, Paul usually adds 20–50% onto the pre-negotiated rates he’s agreed upon with his group of freelancers. “We also make money on recurring costs such as hosting and maintenance, all of which goes towards the overhead.”

Being in Michigan (the home of Ford and GM), Digital Skyline Studios has taken on several projects for the automotive behemoths. However, Paul’s work isn’t all big clients and long lunches. “Luckily, we’ve been able to stick with smaller businesses and more interesting, more creative work.

“It’s been my experience that if you’re on a project, and you don’t like the work, you won’t put your heart into it. As a result, the quality will suffer. Even though there’s money in every job, if money were the only reason you were in business, you’d be better off working for some Joe Shmo.”

Digital Skyline Studios hasn’t restricted itself to the local market, though. “We’re working on projects for companies based in Rhode Island and Florida at the moment. As all our projects are managed online, we haven’t had any problems that couldn’t be solved with a phone call, fax, or email.”

Working Smarter

To speed up the development of sites for small business clients, Digital Skyline has developed a core set of programming components that are used over and over again. “We’ve built a system that provides content management, newsletter mailings, common database functions, site statistics, web email, automated billing, and several other features.

“All the sites we produce from start to finish are designed to work in the system, which allows our clients complete and easy control over the content of their site.”

What about marketing? Paul argues that the best leads are local—the people you can meet for coffee and hand your card (which includes your URL and email address). Eighty per cent of Digital Skyline’s clients have been referred through word of mouth, while the other 20% come from the firm’s advertising in Chamber newsletters and online.

The result of all of this? “I am happy to say that my company is completely debt-free, and has been profitable since day one.”

Five Tips for Business Building

Don't limit yourself to expansion via the traditional means. Consider building a network of freelancers who come in and work on projects as required. Manage them online.

Try to avoid taking on projects just for the money. Take on creative jobs that you'll enjoy working on.

Give your clients more for less: build reusable code components for tasks such as content management, that save development time, and reduce the cost to clients.

- ◀ Consider getting experience while working for someone else. It'll help you find out where others are falling short, so that you can exploit their weaknesses when you set out to build your own company.

Network, network, network. Join the local chamber of commerce—actually do it, don't just read about doing it and put it off indefinitely!

Win New Clients Through Direct Mail: Lrpdesigns

They say that great things are discovered by accident. This is certainly true for Martha Retallick of Lrpdesigns.

Martha started her web design career in 1996 when she got the job to build a web site for her father's chemical engineering consulting practice. What she didn't expect was that the marketing campaign she developed for her father's web site would end up producing a ton of business for her!

Once she designed the site, she was tasked with promoting it. With the web site being a novelty back in 1996, and her marketing budget almost non-existent, Martha decided to mail postcards via the US postal system to promote the site. She gathered the original address list from people on her and her father's Rolodex.

"Shortly after I sent that card to just over 100 people, an amazing thing began to happen. Dad called me and said that this colleague and that friend were interested in having me create a web site for them. It turned out that these people were all on my little mailing list! I ended up doing several web design jobs, and one of those customers is still a client to this day," says Martha.

The total cost for the first postcard campaign? Just \$31.49—\$23.20 for postage and \$8.29 for the postcard printing.

Moving with the Times

With email so cheap these days, why would anyone use old-fashioned postcards to get the message out? As Martha notes, “the problem is, most people are inundated with email. In fact, most people get hundreds of emails a week. On the other hand, most of us only get one or two postcards a week, if that many. See how easy it is to stand out from the crowd?”

That’s not to say that Martha doesn’t publish an email newsletter—she does! Why? “Because some things require a lot of explanation. And that means you’re going to have to use a lot of words, which won’t work very well on the back of a postcard. So you have to use the right tool for the job. And don’t just rely on one tool!

“I try to do monthly mailings. If I do fewer than nine card mailings a year, my business is adversely affected, and, yes, I’ve learned that from experience.”

The Proof

At the moment, Martha contacts 450 people through every mailing! Here’s the result of just one recent campaign:

“I placed an order for 500 cards, and I received a total of 510 cards. I sent 402 cards to my mailing list, and kept the remaining 108 cards for sharing at networking events. Here are the costs associated with this postcard marketing effort:

- FedEx digital files and payment to printer: \$7.85
- printing and delivery of postcards: \$107.00
- postage on 402 cards: \$84.42
- **total: \$199.27**

“That works out to 49.6 cents a name (\$199.27 divided by 402), or \$5.95 per name per year, if a postcard is sent during each month of the year.

“What was the result of this postcard marketing campaign? One sale: an Internet consulting project involving a longtime client. Revenue from that project: \$900. That’s about \$4.52 return on every dollar invested (\$900.00 divided by \$199.27).”

Your Own Postcard Campaign

All right, so you’re convinced that spending a few hundred dollars to try this out isn’t such a bad idea. What’s next? Here are the steps that Martha follows:

1. idea generation and list creation
2. card creation
3. printing
4. mailing
5. follow up with prospects and clients
6. cost-tracking and evaluation of results

What if you don't have over 100 addresses to which to mail? "Simple," says Martha. "Join business and professional groups. For example, you could join a couple of groups, each with fifty members, and guess what? You've found 100 prospects! The caveat to this idea is: some groups have restrictions on how the membership list can be used, so check the official policy before you start postcarding your fellow members."

You can easily locate postcard printers through a search on Google. One company Martha has used recently is Modern Postcard.⁸

What should you put on your postcard? It doesn't have to be fancy. Recently, Martha conducted a joint-venture mailing for Managing The Family Business.⁹ Here's what the card read:

Example 22.1. Managing The Family Business Postcard

Sample Promotional Postcard

Lrpdesigns

Post Office Box 43161

Tucson, Arizona 85733

Telephone: 520-690-1888

Email: info@Lrpdesigns.com

Web: www.Lrpdesigns.com

⁸ <http://www.modernpostcard.com/>

⁹ <http://managingthefamilybusiness.com/>

FACT: 80% of American businesses are family-owned, and 50% of all U.S. employment is in small, family-owned firms. Program your family business for success—visit: www.ManagingTheFamilyBusiness.com

Designed by Lrpdesigns: Specializing in Web Design That Works since 1995
www.Lrpdesigns.com

What about images for the front of the postcard? You can use anything that you design, but a screenshot of your web site works well. Even better, try a screenshot of a client's web site along with a testimonial. The more powerful the better, so try something like: "The web site you built us now represents 30% of our revenue!" Exact numbers work best, whether they are traffic-, revenue-, or sales-related.

Starting your Campaign

Everybody gets email these days, but few of us receive postcards; that's why they can work so well for driving clients to your web design business. A few hints to take away:

Collect the addresses of potential clients.

Go through your own Rolodex, and those of your friends and business associates. Consider joining a professional organization that makes its mailing list available to members, or even scouring the Yellow Pages for companies without web sites, perhaps targeting one niche at a time.

Figure out a short message for your postcard.

Testimonials describing the specific results of past clients' campaigns can be especially impressive.

Get your postcards printed.

Find a postcard printing company through your favorite search engine and get a couple of hundred cards printed up. Enlist the help of friends and family in addressing them and mailing them out ...

Measure your results.

Minimally, your mailing should be bringing in four times its cost in new business. If not, change your mailing list or postcard—or both.

Send frequently.

Send your mailings six to nine times per year, even to the same addresses. Maybe some people won't have a budget for web design the first time they hear from you, but they might the second or third time ...

Reap the profits.

Laugh all the way to the bank, and perhaps take a vacation to the Caribbean!

Community Portal Boost: Digital Creative

Doug Isom lives in Eureka Springs, Arkansas, a small tourist town with a permanent population of just 2,000 residents.

Even though Doug's web design firm, DigitalCreative,¹⁰ had established a good client list in the years since the company's launch in 1995, Doug decided to ramp up the business by building a local community portal—an idea that was sparked by an article in the SitePoint Tribune.

"I knew I wanted to do something different from the typical site you'd expect to find promoting tourism. After becoming an avid SitePoint fan, I had the inspiration and ideas I was looking for: interviews, dining reviews, articles about the town, and events listings," says Doug.

Planning and Building the Portal

The site took about three weeks to build. "Had it been a work-for-hire job, it would have cost between US\$3,500 and US\$4,000."

From the beginning, Doug realized that there would be periods during the portal's life cycle in which DigitalCreative might not be able to dedicate much time to the site. The company used several methods to expedite both the development and longer-term maintenance of the portal, including SSI for repeated site elements (navigation, page headers, and the like), extensive use of CSS for layout and design, and database-driven directory listings to make site updates as quick and non-labor-intensive as possible.

Right now, DigitalCreative spends between ten and 20 hours a month updating the site, though they expect that to increase to 40 hours per month when their workload slows down in the off-season.

¹⁰ <http://www.digitalcreative.net/>

Launch and Promotion

Once the site was built, the promotion began. “We did some heavy research on search engine promotion, reading as many articles on the subject as we could find at SitePoint.com. Then we fine-tuned our copy based on what we learned. We’ve also run an ad in our local newspaper, purchased banner advertising on other sites, and set up reciprocal linking agreements around the Web.”

The site launched in January, and by July it was almost receiving 10,000 unique visitors per month—as many as the local Chamber site, which DigitalCreative also maintains. The tourism portal now generates “some amazing amounts of page views and sticky time.”

The portal also serves as a great marketing vehicle for other local business web sites that DigitalCreative has built. All clients are given a text and graphic listing at the top of the appropriate directory category, at no cost. “We have jumped into the top five referrers for our clients’ sites. This has not only made for happier customers, but many new ones as well.”

The Bottom Line

In the eight months since the portal’s launch, it has been at least partially responsible for eight new customers. “We are definitely using this site as part of our sales strategy for acquiring new clients,” states Doug. “We use it as part of our portfolio, to show prospective clients our capabilities and the quality of our work.

“So, thanks! SitePoint made a major difference in helping us add a new aspect to our business, and increased income for our pockets.”

Imagination Plus: Building a Business—Twice!

Jeff Nolan founded his Ontario-based firm in 1995, after working for a startup ISP in the previous year.

Having little experience in running a business, Jeff applied for a program called the Business Advisory Center. All applicants were required to submit a business plan and sales projects, which were then graded and judged. Jeff’s was one of the lucky 17 that were chosen.

After graduating in February of 1995, aged 21, and with less than a \$1,000 to his name and a PC borrowed from a friend, he started Imagination Plus.¹¹

¹¹ <http://www.imaginationplus.com/>

Cold-call Rejection Can Pay Off Big!

Cold calling. It's probably the most dreaded of all marketing tools, but it can also be the most effective if it's executed correctly.

In 1997, Jeff hired a salesperson, and worked alongside that person as they embarked on a cold-calling campaign that netted the business 35 new customers that same year. How did they do it?

“When I first started cold calling, I would locate suitable prospects using the local phone book. I always researched the company to find out who was in charge, what they sold, and whether or not they had a web site. I usually compiled a list of reasons why they could benefit from my services, and I always tried to relate those reasons back to either saving money or making it.

“During the first few weeks of cold calling, I must have sounded like a complete idiot, because I didn't get much of a response. But as the weeks went by I became more comfortable with the concept, and developed confidence in what I was trying to achieve. I believe that was one of the reasons why the response rate improved,” Jeff notes.

After a few weeks, one out of every ten calls was turning into a lead, and one of every four leads was turning into a sale. Here's how Jeff did it.

“I would call the company and ask to speak with so-and-so—always referring to the person by his or her first name only. When the person finally answered the call, I'd introduce myself and ask when the last web site project was completed. The next question usually involved probing to find out if and when any site upgrades were planned. Next I'd refer to the list that I'd compiled prior to the call, and explain, very briefly, what I had to offer.

“The conversation would usually wind down naturally, and I'd ask if it would be possible for me to send a preliminary estimate, or a pack of information about the company. I'd always schedule a call back within four weeks, just to check up on the prospect—unless of course he or she wanted a proposal or a meeting.”

Jeff's Top Five Tips for Cold Calling

1. Do your research before you call, and find out who has the authority to okay a web site design project and/or budget. You can sell yourself to the company janitor, but it won't do you any good.

2. Compile a list of compelling reasons why the person should hire you, and translate the list into reasons to which an executive can relate: “How much will this save my company?” or “How will this increase sales potential and/or revenue for my company?”
3. Always, always, always ask open-ended questions. That is, questions that don’t just require a simple yes or no answer. The key to a successful cold call is to get the prospects talking so you begin to uncover their needs, and the call becomes more personal to the prospects.
4. Be polite and professional. Don’t take it personally if prospects become rude, defensive, or even hang up the phone. Some of Jeff’s best clients were acquired through cold calling.
5. Make a note to follow up if the prospect has shown some interest. Be punctual when you call back.

Magazine Ads, Lots of Leads ... and Conversions!

The following year, Jeff began to place ads in the local business magazine and full-page, full-color ads inside the back cover of the local Chamber of Commerce membership directory. “The ads themselves weren’t directly responsible for sales, but did help to boost the firm’s name recognition. Print advertising is expensive and, in my humble opinion, only adds value if you commit for the long term.”

Jeff did, however, have one prime advertising hit with an ad in a Canada-wide marketing and sales magazine, *Sales and Promotion*. In that magazine, subscribers could send in reader-response cards requesting information about the products and services offered by selected sponsors. Jeff’s firm was the only one listed in the Internet and web services category.

Each month, the magazine would collect the reader response requests and send these to Jeff for follow up. The quarter-page ad cost about \$800 per month, and generated a response list of approximately 120 leads per month, at an average cost of six or seven dollars each. Importantly, these prospects were qualified—they were interested in receiving more information.

“I ran the ad for about three months and picked up roughly 15 clients as a result. One of these was a highly visible government organization that engaged my consulting services to the tune of just under \$10,000. In my view, the ad paid for itself.”

Direct Mail: Letters that Stand Out

In 2000, Jeff experimented with a direct mailer involving a fun-themed letter accompanied by candy, sent in a hand-addressed bubble-pack envelope. The campaign boasted a response rate over 30% before it was cut short by the anthrax incident that involved the US Postal Service.

The concept was simple: send a fun letter with a package of candy and you'll be remembered. After all, who could forget receiving a package of candy in the mail? Everyone loves candy! The mailer included a very brief letter, featuring key selling points in a bulleted list, accompanied by a package of candy.

The entire mailer comprised a bubble-pack envelope—which was less likely to be identified as typical junk mail and thrown away—that had been hand-addressed directly to the president or CEO of the prospective company. The theme and headline of the letter related to the type of candy enclosed in the package. Here are a couple of example headlines and candy features that were used in various mailers:

selling web site design services and the company in general

A package of Bonkers candy was included with a letter featuring the headline: “Just a quick note to let you know that you’ll go BONKERS when you see how the following services will help your business ... ”

selling the company’s main service offerings

A huge Gummy Foot was sent with a letter that read: “Now that I have my FOOT in the door, are you looking for someone to take care of your web site?”

selling web site maintenance services

A giant six-inch Gummy Tongue accompanied a letter that read: “Are you tired of just a lick and a promise when it comes to web site maintenance? With Imagination Plus, your updates are guaranteed by the next business day!”

The letter never required customers to take action. It was simply designed to get their attention, so that when Jeff followed up with a phone call, his brand would be remembered. Often the conversation would start with a laugh or two, which was a great ice-breaker. Thirty per cent of all recipients ended up booking for a sales appointment!

Freelance Exchanges—Cheap Leads

After growing his business to six employees, Jeff decided to sell a 51% stake in late 2001 and move to Chicago, where his wife had recently been transferred for work. He initially

worked for another web development firm, before deciding to start it all over again. He licensed the old brand name from the Ontario company he'd started, of which he still owned 49%, along with the rights to its portfolio and client references.

Since he had to start out on his own again, his marketing in Chicago had to be dirt-cheap and very effective. He chose to work with online marketplaces like Elance and QWestDex, which he decided to mine for leads using an arsenal of ready-to-send letters.

At these online marketplaces, buyers post the details of their project to the site, and service providers submit bids for the work. Competition is tough, though—Elance is reputed to have over 2,000 registered service providers in the web development category.

Since Jeff is licensed to use the Canadian firm's corporate identity and portfolio, he's able to provide prospective clients with dozens of examples of past work. "I'm relying on my experience and professionalism to set me apart from the crowd. If you've spent any time reading bid responses on Elance and similar marketplaces, you'll quickly notice that most service providers rely on price to sell, rather than on the quality of their bid response.

"I have over five years of experience interacting with clients the traditional way, and I believe this gives me an advantage over competing service providers. I can give prospective clients peace of mind—they know they'll be hiring a seasoned professional who knows how to manage and develop a relationship outside the online world."

Jeff looks for the following before bidding on any project:

- a minimum budget of \$5,000
- detailed descriptions of what the buyer needs

The company must be a traditional bricks-and-mortar retailer. Jeff avoids pure dotcom projects such as online dating services, online auction sites, and casinos.

His success so far has been good, and he plans to further his reach by experimenting with other marketplaces and hiring someone to help out with marketing the business. For Jeff and Imagination Plus, the future's looking good!

Web Design Clients on Retainer: WebProjects

Mark Walmsley is the managing director of WebProjects, a UK-based media company that provides web design and newsletter publishing services.¹²

¹² <http://www.webprojects.co.uk/>

Mark originally trained as a percussionist in London for four years, intending to take up a full-time position in a London orchestra. However, Mark picked up the entrepreneurial bug while at college, starting Music Plus, an entertainment agency that booked music students into paid work at London parties, business events, and store promotions.

One thing led to another, and Mark started working to build his own web design company part time, while running Music Plus. “I can’t stress enough the importance of keeping as much existing income as possible during the early stages,” Mark says. While he still owns his entertainment agency, Mark’s sole focus these days is his web design business, WebProjects. However, he doesn’t take on just any old web design job—Mark’s company builds only classical music sites.

Niche Marketing: it's a Classic!

Why the niche focus? Early on, Mark put out a wide net for clients—he even sent one of his employees driving all over the country to visit shipping companies and travel agents, few of which were interested in spending money on the untested medium of the Internet.

“The business that was out there was being snapped up by larger companies. So I decided that we should concentrate on a niche, and, as we were already doing some classical music web sites, that became our niche.”

Mark got his first client on a trip to Japan, when he struck up a conversation with the marketing manager for the City of Birmingham Symphony Orchestra (CBSO). Mark got his competitive juices flowing (London Symphony Orchestra had yet to publish a web site), and he landed the project! The marketing manager went on to utilize Mark’s web design services some months later when he moved to a different position.

“The CBSO still retain us on a monthly basis, and we’ve redeveloped the site four times since we first built it.”

Expansion

In 1996, Mark took on a student named Ben Sauer as his sidekick. Ben continued to work for WebProjects throughout six years of studies at Warwick University, and now, having obtained his degree, he’s a full-time programmer at the company.

Currently, the business is organized around four people: Mark, who drums up new business and promotes client web sites, Matthew Lindop, the project/account manager, Andy Walker, the lead graphic and web designer, and Ben Sauer, who’s head programmer and network manager.

“In effect, I get the new clients, Matt takes over, and then Andy and Ben get their hands dirty while Matt tries to keep the clients out of the way!” Mark quips.

As business is so brisk, Mark has recently been forced to take on an office assistant, a second graphic designer, and a second programmer. All three work part time for the company.

“We aim to keep the full-time members of the team as busy as possible. Then, when the devil’s driving, we beef up the amount of part-time support we get, or outsource to specialist developers such as Flash programmers or Director experts.”

A Classical Client List

The market for classical music web sites doesn’t sound like a big one; just how did Mark go about building his client list?

“We realized in 1997 that www.classicalmusic.co.uk was still available, so we snapped it up along with a few other choice classical domains. We also promoted OrchestraNET.co.uk heavily, and added a free page for each of the major orchestras in the UK. When those without their own web sites (which were most of them) searched for themselves at Yahoo!, they found us! We also started the first classical music Webring when Sage Weill was in charge, and it now boasts 750 classical sites, most of which link to us from their homepages.

“These days, WebProjects also has a pretty significant presence in the British Music Yearbook, the industry’s trade directory. We’re also looking at going into Musical America, the US equivalent. They also have a Google AdWords account that they use to promote themselves for selected keywords.

“The other wonderful thing about identifying a niche is that your potential clients are easy to find. In our case, the vast majority of our target clients are listed in the British Music Yearbook!”

The WebProjects Strategy

After designing a site, what’s the next step for WebProjects? Getting clients to pay a monthly retainer, and, in the process, build a recurring income stream without constantly having to find new clients.

“We persuaded many companies we did work for that they didn’t have the time or knowledge to keep the site updated as it needed to be,” says Mark of his business strategy. “We offered them our undivided attention one day per month for planned updates, and

our divided attention for the rest of the month at a carefully pitched retainer—and they leaped at it.”

WebProjects hasn't restricted itself to UK-based clients, either. Due to its unique niche, and the considerable marketplace knowledge contained within the firm, the WebProjects client base spans the globe, including clients in New Zealand, Canada, the US, and Scandinavia.

As an added income stream, WebProjects also promotes its clients' web sites, and publishes email newsletters on behalf of many of their clients for a monthly fee.

“We've always explained to clients that publishing a web site is a passive marketing activity. It's a little like printing brochures and leaving them outside your office in the hope that the right number and type of people come along and pick them up. For those clients who wish to attract the attention of people who haven't already heard about them, our promotion and email newsletter publishing services are the key.

“In our sector, surplus concert tickets can also more easily be sold at short notice if an alert can be sent to an email address or mobile phone.

“Contract publishing has long been an established feature in print. Renault, for example, publishes a monthly glossy magazine that they send to owners of Renault cars. However, the guys at Renault have very little to do with it. The project is outsourced to a company that's owned by a neighbor of mine.

“Under contract from Renault, he edits the magazine, sells advertising space, commissions articles, arranges photo shoots, and employs an art editor. He's an expert in the field, and Renault trusts him to produce a successful title for them each month. They have ultimate editorial control and set the guidelines, but there is now very little input from Renault.”

WebProjects has adopted this model for use with their own clients. How do they set rates for contract web publishing? The business's regular hourly design and programming rates apply to the actual writing of the newsletter, but they also charge for one full day of research, and another day for adjustments, distribution, monitoring, and reporting (for each issue).

And, in case you're wondering, WebProjects' business has been growing at a rapid clip—25% per year, with no end in sight!

Lessons Learned

- Choose a niche, no matter how small it is, and focus on it—day in and day out. Advertise in a relevant trade magazine or directory, and in other key media for your niche.
- Consider building a free, one-page site for each company in your niche that doesn't currently have a web presence ... that way, when they search for themselves, they find you!
- Don't stop at just building web sites! Get clients to pay you a monthly retainer for updates and changes.
- Be proactive about rebuilding web sites for clients as times change.
- Consider publishing newsletters for your clients on a monthly basis. There's nothing quite as reassuring as recurring income. Don't base your business success on constantly having to find new clients.

Chapter 23

Business Legalities with Berrigan Doube

This chapter has been compiled by the IT and Technology Law team at Berrigan Doube Lawyers. We are a team that specializes in acting and advising on legal issues relating to IT and technology, companies (public and private), partnerships, sole traders, trusts, and commercial joint ventures. We have put together this chapter to provide you with insight into the legal issues you will need to consider when starting up your business. For further information on our services, please visit our web site.¹

So you heard that your next door neighbor Tom is being sued. Why is he being sued? He forgot all about **business legalities** when he set up his business until, of course, it was too late.

Don't forget about business legalities: we can't stress this point enough. It'd be very nice if establishing your business was all about pitching for sales and managing your projects—but it isn't!

It's up to you to make sure that your business has a strong legal foundation to back you up. Most of the time, this means a simple visit to your lawyer before you open your business to the public.

What are business legalities anyway? They include things like determining the best business structure for you, registration of your business, making sure your business name

¹ <http://www.berrigandoube.com.au/>

and identity is protected, and abiding by the laws in place that regulate your business activity. What can happen if you accidentally forget about them? Well, you might find that down the track you're not protected from liability when something goes wrong, or maybe you've inadvertently been infringing someone else's trademark and now they're suing you. The list is endless!

As lawyers, we see too many people come into our office *after* they're being sued or investigated by the local authority for not following simple business legal procedures. This chapter is just a brief overview of a few of the things that you should consider and consult with a lawyer about *before* starting your business. It doesn't provide an exhaustive coverage of all the issues that you may be confronted with when starting up your business.



Disclaimer

The material in this chapter is for general informational purposes only. It is not a substitute for legal advice and does not create a solicitor–client relationship or an assumption of a duty of care by Berrigan Doube Lawyers to you. Should you have a legal query, we encourage you to seek independent legal advice.

Choosing the Right Business Structure

Simply put, a **business structure** is the framework from which you will run your business. It's all about who will be in control of your business, and who will be liable for the antics of your business.

Choosing your business structure can seem daunting when confronted with terms such as sole trader, partnership, company, joint venture, or trust. To put your mind at ease for now, we've outlined the most common business structures that you'll come across when deciding what business structure is right for you.

We remind you, before you start reading about the different structures, that different regulatory requirements will apply in all countries. They will apply both in the set up, continued operation, and sale of your business, depending upon what business structure you decide to use.

The Sole Proprietorship

So you think you want to go into business on your own, you want full control of your business, and you don't want the burden of following an overly formalized process in setting up? The sole proprietor model may be perfect for you!

The **sole proprietor** is exactly that, someone who trades on their own.

The process for establishing your business as a sole proprietor is simple, inexpensive, and often only involves registering the business name. Depending on what country you are running your business in and what your business name is, registering your business name may not even be required. You should check with your local business authority on whether you are in fact required to register your business name.

It all seems too easy? Like every business structure, there are limitations to its advantages. Here are some examples of the disadvantages involved with being a sole proprietor:

- The business resources and cash flow are limited to what you have or are able to gain.
- You have the burden of personal unlimited liability, meaning that you are responsible for the debts of the business; if you're sued, you will be personally liable.

The sole proprietor structure is best suited to businesses just starting out with limited resources, limited profits, and limited opportunities of being sued.

The Partnership

This one is for all those best friends out there that are dying to go into business together and, of course, make the million dollars you've heard all about.

Like the sole proprietor, the **partnership** structure can be inexpensive. It generally requires no more than a partnership agreement to be put in place between you and your partners. Generally, partners have full control of the business, but must make joint decisions. You might find that pooling your assets with your partner's provides that extra finance you needed. Maybe you can share your experience with each other: you have the financial expertise, and your friend Stu knows all about marketing. What have you got to lose?

As with the sole proprietor, you will carry the heavy burden of unlimited liability with your partner or partners. This structure is definitely for those partners that have pure confidence in each other.

The Company

You're thinking of joining the corporate world!

Companies are popular structures with significant financial and legal advantages for businesses. Being a start-up, your company would be small and therefore relatively simple to run.

Raising finance for your business through a company is usually limited to loans guaranteed by directors. As a guarantor, you'd be liable for any guarantee that you give on behalf of the company. As an incorporated body, you'd have limited liability and wouldn't be personally liable for the debts of the company unless you sign off as a guarantor for loans made to the company.

Companies are generally highly regulated by corporations law. Meeting regulatory requirements can often be a financial burden on smaller companies. You should speak to a lawyer about the ongoing costs associated with the company structure and your business.

All in all, this structure is more expensive to establish and to maintain than the partnership and sole proprietor, in terms of legal work, auditing, accountancy work, and administration.

The Trust, the Joint Venture, and the Franchise

These structures are considered the more complex business structures around. We've provided you with a brief description of each. If you want to know more, we suggest that you speak to a lawyer.

the trust

A trust is an arrangement for the holding and management of property by one party (the trustee) for the benefit of another (the beneficiary), or for a specific purpose.

the joint venture

A joint venture does not generally involve a continuous relationship; rather, the parties carry on the commercial undertaking together for their own individual gain.

the franchise

A franchise is a way of expanding a business whereby the owner of the business (the franchisor) permits and trains another person (the franchisee) to run an independent branch of the business in return for an initial and ongoing fee.

The Tax

Tax, tax, tax. You have to think about tax—especially when deciding on what business structure you're going to use.

The business structure will ultimately determine how the income generated by your business is going to be taxed. Everyone has to pay tax, unless you live in the Cayman Islands, so you need to think about it. Make sure that when you are discussing your business structure with your lawyer that tax considerations are taken into account. If your lawyer hasn't mentioned them, mention them!

- Choose a structure that best suits your needs based on organizational complexity, establishment procedure, ease of finance raising, liability, and control.
 - Determine whether the structure is economically viable in terms of finance raising, establishment costs, and ongoing costs.
- Don't forget about the taxation elements of your business structure.

Key Points

- Choose a structure that best suits your needs based on organizational complexity, establishment procedure, ease of finance raising, liability, and control.
- Determine whether the structure is economically viable in terms of finance raising, establishment costs, and ongoing costs.
- Don't forget about the taxation elements of your business structure.

Protecting your Intellectual Property

So, you've decided on your business structure. Now for a close look at the elements that make up your business.

Firstly, **intellectual property** ... what is it? Do you have to register it? What's it worth to you?

Intellectual property is an important business asset for you. This is an asset that will set you apart from every other business out there. Like every asset of your business, intellectual property needs protecting.

It's important to note that intellectual property plays an important role in all your business transactions and relationships. It's essential that your ownership of intellectual property is carefully delineated in the different business relationships that you enter into. Any limited rights to exploitation by others should also be clearly defined before entering into relationships with other parties.

What *is* Intellectual Property?

Intellectual property is everywhere—the law of intellectual property recognizes the creative, intellectual, and administrative efforts exerted by you!

The term “intellectual property” is generic and applies to a wide range of rights, including:

patent protects invented items or processes that are novel and have utility

trademark a sign by which a business identifies itself or its products to the market

design is concerned with the protection of artistic elements in manufactured products

copyright a set of exclusive rights in an expressed work or subject matter

But, you ask, how does intellectual property apply to my business? The answer is that it applies in many different ways you may not have thought of.

Your business logo and business name may be your trademark. Copyright may subsist in the information on your web site and in software that you have created. You may be able to apply for a patent in respect of a software process you have developed. The list is endless.

We've summarized the main intellectual property rights that you'll come across when starting up and running your business.

Copyright

Your business is starting out. You've created some great original brochures selling your products, you've designed your business web site specifically for your business, and you've created manuals for the clients that buy your product. Now, you definitely don't want people copying the hard work that you have put into creating these works.

Generally, your original works will be afforded the protection of copyright without any need to formally register your copyright. This may not always be the case, so always check and never assume! As the copyright owner, you'll have certain exclusive rights that are the exclusive property of you. You are allowed to commercially exploit your works.

Any unauthorised acts such as the copying of the content or layout of your brochure can be prevented by you. You may also have the right to seek compensation based on damages suffered by you and/or an account of the profits that the copier has made for exploiting your works.

Trademarks

So you have this great name for your business and you've even designed a fantastic logo to go with it. The name and logo really represent what your business is all about. It sounds like you have your first business trademark!

A trademark is a very important business commodity. It's the mark that distinguishes your high-quality products from that of your competitor. How do you ensure that no one else uses your distinguishing trademark? For that matter, how do you ensure your trademark is not infringing on someone else's trademark?

Depending on where you are located, different requirements will need to be satisfied to ensure that your trademark is legally recognized. A trademark is generally registered with your local trademarks office, by following the processes stipulated by that office. It is advisable to conduct a trademark search in the country you'll be providing your services in to ensure that another business hasn't already registered it. Once registered, as the owner of a trademark, you'll have the exclusive right to use the mark in association with your goods.

Unfortunately, like everything, there are costs associated with registering your trademark. The costs will vary depending on which country you are in and on which countries you want your trademark registered in.

If another person or business breaches your trademark by using it in conjunction with their services, you may be entitled to an injunction to stop them from using your trademark, damages for injury incurred by your business as a result of the use of your trademark, or an account of profit for profits gained by the party using your trademark.

Example 23.1. Webdesign Woes

We had a client who had chosen a great business name. Unfortunately, he had chosen his business name without any consideration of the other businesses out there that were in the business of providing the same services as he was. If he hadn't heard of the business, it mustn't exist. After printing off his business cards and marketing his product, he belatedly decided that he'd better file for registration of his trademark in Australia.

For the purpose of the example, let's call the business name Webdesign Online.

Boy—did he get a surprise when the trademarks office said that they couldn't allow his trademark to be registered. It was deceptively similar to another trademark. The other trademark was Webdesign—a trademark that he'd have instantly been aware of had he conducted a simple trademark search before settling on his business name.

He now has to spend money fighting to have his trademark registered, if it can be registered at all.

What did he learn from this exercise? That if he had completed the relevant searches to establish whether there was any other trademarks similar to his; he could have saved himself the trouble of defending his choice of trademark and developed a new business name for his business. He could have then gone about spending money on business cards and marketing material that he could use to develop his image.

Now, it seems, he may have to reinvent his business image!

Patents

So, you've invented a great software process that you think will help businesses operate more effectively and efficiently. You want to be able to market and sell this software process. You also want to be protected from businesses that wish to exploit your invention. It sounds as though you need to patent your invention.

Generally, your invention or software process must involve new manufacture, be novel, inventive, and have some practical utility to be patentable. Do you think your software process has all the criteria? To obtain protection, you need to register your patent with your local patents office. Registration will depend on the requirements in your locality.

If someone uses your patented invention without your permission, you may have an action in the courts against them.

Key Points

- Understand that Intellectual Property is an important asset of your business, and that it includes copyright, trademarks, and patents.
- You should always check with your local authority on what intellectual property needs to be registered in your area for it to be protected.
- Be careful when choosing a trademark, check that your original works are protected by copyright, and patent your inventions.

Trading on your Terms

So you have negotiated a great deal with your client. You do the work, they pay you. Right? Wrong.

Agreements between service providers and clients are an essential element of your business. They express what services you are providing and on what terms they are being provided.

They put in place the legal obligations that will bind you and your client. Most importantly, they establish the extent of your business relationship with your client. You need these agreements!

You need to ask yourself some key questions when formulating an agreement. How is my client going to pay me? From where will I provide my web design services? Am I giving my client any warranty for my services? If something goes wrong down the track, can I be held liable?

A written agreement can address these issues and more. A **Sample Web Design Services Agreement** is included in this kit's CD-ROM.

The Elements of the Agreement

What are the elements of an agreement between a service provider and the client?

They are all the elements required to form an enforceable contract, and they're all important. We've set some of the common elements that are required to ensure an enforceable contract exists. These elements may vary depending on the country in which you are conducting your business.

offer and acceptance

The parties must agree on the rights and obligations to be created by the contract; this means that your client must agree to your terms of trade before you start providing the services.

intention

Both parties must intend to be legally bound by your terms of trade.

consideration

Each party must pay a price for the other's promises under the agreement—you must provide the services to your client in exchange for them paying you the fee for your services.

genuine consent

Each party must genuinely consent to the contract; you can't force your clients to enter into the agreement with you.

legality of objects

The objects of the contract must be legal. Your client can't make you carry out services that would be illegal; you can't place illegal obligations on your client.

legal capacity to contract

Neither party can be underage or intoxicated at the time of entering into the contract.

Some terms will exist between you and the client that do not form your written agreement. Such terms will be implied in the contract between you and the client by **consumer protection** legislation enacted in your country. Implied terms may relate to consumer law in general, or more specifically to the services you, as a web designer, are providing.

In some instances, implied terms may be expressly excluded in the agreement. However, some statutory terms are non-excludable and you must ensure that they are followed by your business.

Other aspects of the client–service provider relationship needs to be considered—you’ll find some typical documents on the CD-ROM that will assist you in covering yourself by getting it all in writing. These include **Sample Ongoing Maintenance Agreement**, **Sample Ongoing Marketing Agreement**, and **Sample Hosting Agreement**.

Employment and Contractor's Agreements

As a business owner, you’ll almost certainly employ staff or hire contractors. You may be thinking, “I’m not going to employ anyone or use contractors to do my work.” However, if your aspirations for the future include the growth of your business, you will!

So what do you need to know about employing people and hiring the local software developer to do a little bit of work for you? A lot. You pay them; they work for you, right? Unfortunately, there is more to these relationships, as we’ll see now.

Employee or Contractor?

Employees and **contractors** both work for you. In working for you, they’ll eventually both be paid. However, the relationships are different and should therefore be treated differently.

To recognize whether someone is an employee or contractor generally requires an analysis of the relationship between the parties and *not* what the worker has been labeled as. The definition of an employee and a contractor will vary depending on where you are carrying out your business; however, we’ve provided some elements that may be taken into account when determining the nature of the relationship.

Generally, a contractor is someone who is engaged under a contract to provide a service for a fixed period or fee.

The definition of an employee, on the other hand, is a question of fact and will be determined on certain criteria, such as:

- ✦ the amount of control the employer has over the employee in terms of where they work, when the work is performed, designation of the actual work to be performed, and the supervision of the job as it is carried out by the employee
- ⊕ whether the person works for results for their employer, such as achieving a certain amount of sales for a quarter
- ⊕ whether the person has the power to delegate
- ✦ who bears the risk when something goes wrong
- ⊕ whether the conditions under the contract are employment related, such as sick leave, annual leave, and allowances for costs incurred in using their own assets

The Employment Relationship

All too often, we see clients coming in because their employer has been breaching workplace laws. This scenario ends up with the employer having to pay out cash, which they should have been using to grow their business.

The employment relationship is regulated by a myriad of regulations that you must follow. When hiring an employee, you must consider:

contract of employment

What should be included in it?

This contract sets out the basic arrangement between you as the employer and your employee, and will incorporate implied terms set by the relevant legislation.

minimum working conditions

Does legislation compel me to provide my employee with minimum working conditions?

As a web design employer you may be bound by a certain law that can specify things such as minimum wages and conditions for your employees. Workplace laws may also exist to regulate the minimum conditions for your employees.

employer taxation obligations

Do I have to retain a certain amount of tax from my employees by withholding particular amounts from their pay? You may have obligations to ensure that your employees are taxed appropriately.

termination of employment

What rights will I have to terminate the employment arrangement?

This can be the trickiest part of the relationship cycle. You must ensure that you have in place proper mechanisms to ensure termination is effected appropriately. The mechanisms will predominantly depend on the legislation in place.

discrimination and equal opportunity

What laws apply to you?

Certain countries have in place laws that regulate the workplace in terms of discrimination—from the initial job interview right through to the end of the employment relationship—based on attributes such as sex and religion. A failure to comply with these laws not only carries hefty penalties for your business, but can also carry bad publicity.

The Contractor Relationship

So you've decided you need a helping hand with part of a project you're working on for a client. You don't need an ongoing relationship with this person, but just need their services for a short period of time, and only for that single part of the particular project.

It sounds as though you want to engage a contractor!

The use of contractors is becoming more and more prevalent. Outsourcing work to contractors in the web development industry is especially common. Why?

reduction of employment costs

There's no requirement to pay sick leave, annual leave, and long service leave, to name but a few.

cost predictability

Project costs are more predictable, and can be negotiated with the contractor.

taxation

There's lower administrative costs in remaining compliant with taxation and industrial law provisions.

greater flexibility allowed for employers

There's no need for an employer to provide ongoing payment to an employee when their services are not required.

So, you're thinking, contracting sounds just the thing for you! Don't forget, though—with advantages, there are always disadvantages.

In this case, contracting out work may mean cost savings are not realized, it can result in a loss of skill base where you initially provided the service but have now outsourced it to a contractor, and you may still be liable for compensating a contractor that is injured while working for you.

Also, don't forget the issue of confidentiality—use the **Sample Non-Disclosure Agreement** document on the CD-ROM as a template and have it signed off by employees and contractors where necessary.

Privacy and Spam

Privacy and spam issues are becoming more and more predominant in today's society.

Why? Every business is trying to obtain their clients' details before they are even clients. And spam? Well, we all know what it feels like to have the inbox clogged with spam ... or what is referred to by Wikipedia as Stupid Pointless Annoying Messages.

Privacy and spam issues are regulated according to what country you are in. You need to ensure that you know how these regulations affect your business practices, and that you are not infringing the law.

Keeping it Private

So, you've gathered information about your potential clients from the local telephone book and from information that they've unwittingly submitted to your web site. Great! Now you can use this information to send them all sorts of great publicity about your business!

Stop! What do your local laws say about privacy? In many countries, laws exist that provide a right against unsanctioned invasion of privacy by you.

As an example, the Universal Declaration of Human Rights, in article 12, states:

“No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has a right to the protection of the law against such interference or attacks.”

What does this mean for you? Generally, privacy laws will focus on regulating how you collect information, use information, keep information secure, and disclose personal in-

formation. They may also stipulate how people can get a hold on information that your business is keeping on them.

Personal information is information that can identify individuals or businesses. As a general rule, an exception to privacy laws exists where someone gives you consent to use or disclose their personal details. It is important to understand the importance that your clients place on their personal information.

It's good business practice to assure current and prospective clients that your business is accountable for the way it handles and will handle their personal information. Make a public commitment to disclosing how you will use your clients' information.

Spam

Those annoying electronic messages that follow you wherever you are in the world, as long as you have email—we all know about spam! Unsolicited bulk emails can be the bane of some people's existence—don't make it your clients'.

Spam generally includes unsolicited emails, instant and mobile phone messaging, and junk fax transmissions. Spam laws have been introduced in a number of localities, making spam unlawful. Believe it or not, some people think spamming sounds enticing, offering low advertising costs beyond the management of their email list.

If you're seen to be a spammer, you may see your reputation plunge and the client numbers decline, and hear a knock on the door from your local watchdog. Let's look at an example:

Example 23.2. The Case of the Electronic Messenger

We had a client who had a great business idea: selling stick-on for-sale signs for cars. He had arranged for the manufacture of the signs, the web design for his web site, and the ultimate price of the product. This plan was all going along smoothly.

He had also thought about a simple marketing strategy: collect phone numbers from people's cars that are already for sale, then send the potential clients a text message advertising his business of stick-on for-sale signs for cars.

The only problem with this marketing strategy? It was breaching the spam laws in Australia at that time. Although he has not been visited by the local watchdog for the breach, he has received some unhappy messages from those targeted with the common theme of "stop sending me spam."

Breaches of this nature can result in substantial fines. Ensure you are aware of and comply with spam laws that may be regulating your business.

Summary

As we told you at the beginning of this chapter, business legalities exist. Now do you believe us?

Although we've only given you a snippet of the legal issues that may affect your business, with any luck you now understand that you do need to know more about starting your business than how to market it.

In this chapter, we saw that a business organization has a structure—and that it's up to you to obtain the information required to determine which structure is appropriate for your business.

We then looked at the intellectual property that may form a part of your business, being predominantly trademarks, patent, and copyright. It's important to know what intellectual property you have and may be able to gain through registration, and most of all, to ensure that you protect your intellectual property. It will come in handy when you are looking to sell your business.

Next came the all-important agreements with your clients. These are not something to be overlooked; agreements can spell out the most important relationship of your business. Agreements with clients may not seem too important at the time of signing up your next client, but may come in very handy in the future.

We couldn't forget to cover the importance of employment and contractor's agreements. These documents should spell out your relationship with your employee or contractor, while also implementing any necessary legal requirements.

And lastly, where would we be without considering issues of privacy and spam? Privacy may not always be protected by law, but it is good practice for you to protect your clients. Spam may not always be prohibited by law, but once again it's simply good practice not to harass your clients and potential clients.

About Berrigan Doube Lawyers

As we've seen, it's important to remember that almost all businesses will encounter troubled waters at some point. It's also important to remember that you must have a strong

legal foundation in place to protect you when something does go wrong. As it's more than likely that your business will require legal assistance one day, it's well worth building a relationship with a law firm as part of your strategy for business growth. Finding the right firm can be a fundamental aspect of your business's ultimate success.

SitePoint recommends Berrigan Doube Lawyers as an excellent option for legal assistance, focused as it is on commercial and business law. The intellectual property, information technology, and ecommerce law team at this firm advises on all issues relating to intellectual property and is particularly experienced in the areas of information technology and ecommerce law. Clients of Berrigan Doube include international corporations, local individuals, and national businesses, and the firm is recognized for providing legal services aligned with the needs of the web design industry.

Services include the following:

- assignment and licensing of intellectual property rights
- branding, marketing, advertising, product labeling, and product promotion
- computer software, hardware, systems integration, and outsourcing agreements
- copyright advice and litigation
- designs advice and registration
- distribution, manufacturing, and supply agreements
- domain name advice and registration
- enforcement and anti-piracy work
- email and Internet policies
- IP review, audits, and due diligence
- information technology litigation
- media storage and escrow agreements
- patent advice and litigation
- protection of trade secrets and confidential information
- publishing agreements
- sale and distribution of goods and services agreements
- sponsorship agreements
- technology transfer
- trade mark registration and prosecution
- web site development, hosting, and maintenance agreements
- web site privacy and security statements
- web site terms and conditions and disclaimers

Contact Profiles

Bart Janowski

Bart Janowski is a Partner of Berrigan Doube Lawyers and is admitted as a Barrister and Solicitor of the Supreme Court of Victoria, the High Court of Australia, and the High Court of New Zealand. He is a Fellow of the Taxation Institute of Australia.

Bart advises clients from small startups through to large companies listed on the Australian Stock Exchange in the areas of business structuring, company law, and taxation. He can be contacted at bart.janowski@berrigandoube.com.au.

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