

Video: Welcome – Notes

Subject	Notes
Welcome	Thank you for joining Entrepreneur Org
16 Videos	We recommend watching sequentially
References	Don't worry if we reference something from a different video. You will learn the concept in full when you watch the other video.
Supplemental download	Download the notes prior to watching the video and capture additional notes as needed
Notes	You can download each section of notes as you go or download the combined notes all at once (Under the Welcome video "All Notes"
Time	Video are 8-15 minutes long. Make sure you have time to watch and be fully engaged.
All Videos	Make sure you have the perseverance to watch all the videos (Doesn't have to be all at once)
Open Mind	View with the intention of learning and not disputing There will be things you agree with and disagree Some things will apply and others won't Find the nuggets of information that will help you
No actors	Why? We want to give our message in our voice We want to keep the costs down to make the training affordable to entrepreneurs
Don't get scared	There is a lot of information as there is a tremendous amount of responsibility for an entrepreneur. Don't get scared or overwhelmed. You need to understand what you are getting into and have a plan to mitigate any weaknesses or risks you have.
Honesty	Be honest with yourself as you assess YOU, YOUR IDEA, and YOUR ABILITY TO EXECUTE. You have to be honest and identify where you have weaknesses and holes.
Questions	If you have any questions...just send us an email. We are here to help.
Feedback	Email us ideas on how to make it better. We want this to be the best tool possible for entrepreneurs.
Users Additional Notes:	

Video: Your Reason – Notes

Subject	Notes
Why Start a Business	Right Reason and Right Person to implement plan
Your Reason	Write down the reason for starting your business below:
Why you are starting a business --→	
Why you are here	Have a dream to start a business and are doing the due diligence to see if you have everything to be successful.
Bad Reasons to Start a business	Hate my boss - This is a motivation. Work my own hours - You don't control your hours. Spend more time with family - You will have less time. Unemployed - This is a motivation. Cheaper faster - Bad strategy that results in bankruptcy. Fun - This is a motivation.
Correct Reason	Niche Idea Vetted business plan Capital 3-5-year commitment
Niche idea	What makes your product/service unique? How are you different from your competitors? Why would a customer choose you and your product/service? Price is not a niche! Margin/Margin/Margin – Critical to your success.
Vetted Business Plan	No holes in your business plan. Strategies to mitigate risks.
Capital	Correct amount to start and sustain business. Covers all start-up costs. Working capital to run the business. Access to emergency capital. Extra based on Cash Flow Model situations.
3-5-year commitment	Personal commitment Family impact #1 priority
Reason business fail	Will fail if started for the wrong reason. Must start for the right reason.
Right Person	Business can still fail if you aren't the right person to start a business. Need to be able to do all jobs in your business. Like playing all positions on a baseball team. If you don't have the ability to do a key function you have a risk for failure.

Type – E (Entrepreneur)	We will provide an assessment to evaluate your strengths and weaknesses. No Perfect Entrepreneur. Be honest and evaluate where your weaknesses are. Do something to mitigate the risks.
Users Additional Notes:	

Video: Your Plan - Notes

Subject	Notes
Autopsy	A deep review of what caused a failure or a problem in your business processes or results. Use results to identify opportunities for improvements.
Passion	Passion doesn't guarantee success, much more is needed. Passion is a component that most entrepreneurs already have. Must have: Personality, skills, and experience to execute your plan.
3 Pillars	All 3 Pillars must be equally strong <ul style="list-style-type: none"> - You - Your Idea - Your Ability to execute
Stats	400,000 business start each year Currently 470,000 business close each year
Risk	There is great risk in starting a business. Don't be afraid of the risk. You must understand, respect, and accept the risk.
Niche	Critical to success. Doesn't have to be completely new. Must fill a need that isn't being filled.
Competitive Advantage	Why will customers choose you or your product? What make you different? Why will a customer see value in your product or service?
No Niche	If you don't have a Niche you don't have a business.
Example Niche: Pizza	It's a commodity and been around forever. How can someone have a Niche in Pizza. Niche Idea: Better Ingredients. Customers perceived value in better ingredients = better pizza. Perception becomes reality.
Other Pizza Niches	No wait – Ready to go Slices Convenient – location and hot and ready 30-minute delivery or free
Steal a portion of the market	Bad idea – Starting a business thinking you can steal a portion of the market share. Without a Niche, there is no reason for a customer to buy your product.
Coupons and Price Reduction	This is not a Niche idea. See cash flow model training to see why coupons and lowest price results in failure.
Business Plan	Tests feasibility Tracks progress Create 1 st plan for you to honestly evaluate your business idea Expert on Product and Service

	Expert on Competition
Expert on Competition	<p>How did other businesses start? Who is running the businesses? Must be an expert on competition before you start? Must know their strengths and weaknesses. Visit competitors. Use their products Dissect their products Have friends and families give feedback on competitors Research their employees How do their customers perceive them?</p>
Financial Projections	<p>80% of businesses fail 82% fail because they run out of money Must capture all your costs when creating a plan Must have accurate sales forecasts See cash flow model training for impacts on Cash Flow 95% of Entrepreneurs miss their sales forecast Be conservative with forecasts. Must be an expert on your projections. Be honest with banks and investors.</p>
Hidden Costs:	<p>(1) Health Insurance: \$500 - \$1500 per month (2) Maintenance: Tools, facilities, equipment, cars, etc. (3) Costs to include in Plan: Office supplies, cleaning supplies, phones, utilities, vehicle maintenance, tools, tool replacement, training, packaging, software, upgrades, licensing, associations, permits, dues, uniforms, office equipment, tax preparation (4) Cost of customers: Sales calls cost money; from gas, to lunches, dinners, entertaining customers or simply dropping of donuts. Once you have a customer you still need to maintain the relationship. (5) Payroll Expenses: It's not just about the salary. Social Security, Medicare, Workers Compensation Insurance, State and Federal Unemployment tax (Can cost up to 30% of total wages and salaries) (6) Supplier Cost Increases: Suppliers can change their costs at any time. Plan for the increases or lock in guaranteed pricing. You can also source different vendors as backups to reduce the risks of price increases.</p>
Finance	Need to have the right capital and access to funding
Strategies for working with banks	(1) Credit History: Clean up your credit and make sure you have outstanding credit before you contact the bank. The

	<p>bank will review your personal credit and this will affect your ability to borrow and your rates. You need to show 2 years history of operations and positive cash flow that proves you can repay the loan.</p> <p>(2) Experience: Demonstrate experience managing a similar business that was profitable. Either your own business or a business that you managed.</p> <p>(3) Business Plan: Polish up your business plan and make sure it's bullet proof. The bank will review your plan to identify potential risks.</p> <p>(4) Other resources: Find experts to help in your community (SBA, Small business development centers, Women's business Centers, Veterans Outreach Business Centers)</p> <p>(5) Small business Association (SBA): Work with the Small Business Association (SBA) – There are programs where the SBA works with banks to remove the risks the banks face with approving you for a loan.</p> <p>(6) Securing the loan: You will need to provide either business collateral, a personal guarantee, or cosigner to secure the loan.</p> <p>(7) Profitable business model: It's not about sales, it's about how profitable your sales are. Margin, Margin, Margin.</p>
<p>Other questions that you need to answer</p>	<p>Who will buy it? Why will they buy? Will they buy it again? Why will they buy it again? What happens when the competition wakes up? How many can you sell? How profitable will you be in year? What is the impact on resources when sales increase: -Employees -Equipment -Capital for larger purchase orders -Building size -Evaluate needs of entire plan with higher sales</p>
<p>Honesty</p>	<p>1+1=2 Don't lie to yourself and think it will be ok if your numbers tell you it won't. You must use accurate numbers.</p>
<p>Users Additional Notes:</p>	

Video: Cash Flow - Notes

Subject	Notes
Stats	80% of businesses fail 82% fail because they run out of money 82% of Entrepreneurs personally fund their businesses 77% of the money comes from personal savings
Pay Attention	Stop what you are doing and pay attention to this module.
Cash flow	Balancing your revenue vs your costs Cash in vs Cash out Timing of the cash in and cash out is critical
Personal finances	Good understanding of your personal finances. You know when your monthly bills are due and how much they are. You know how much your check will be and when you will receive it. Easy to manage your cash and identify if you will be short. Extra savings to cover vacations or emergencies
Business finances	Paychecks are fluid. Many issues can impact your cash flow. Uncertainty around money coming in and going out.
Cash Flow Statement	Must become an expert. Are you making more than you are spending? What is the timing of the money coming in and out?
Risks	Too little sales – Can't pay bills Too much sales – May run out of cash buying product Details can be seen in cash flow model - Later
Reserves	Must have cash available in reserves to run the business when different issues impact your cash flow.
Cash Flow Plan	Forecasted Costs vs Forecasted Sales
Accuracy	Must use accurate numbers! 95% of Entrepreneurs don't hit their forecast numbers.
Business compared to personal finance	They are totally different Imagine if your current paycheck didn't come in as scheduled. Imagine if you didn't know when you would get paid. What if the amount continually fluctuated?
Situations that impact cash flow	N30, N60, N90 Sometimes they pay partial Sometimes they don't pay at all They hardly ever pay on time Defective Products (returns and refunds) Disputes (causes delays and partial payments) Shipping issues (delays or replacements) Unplanned capital purchase (unplanned costs) Stock the wrong inventory (can't convert to cash)

	<p>Sales not on plan (forecasted cash not available)</p> <p>Customer slow pay (chokes your cash flow)</p>
Cash Flow importance	<p>\$25k sale per month (even)</p> <p>40% Gross profit margin</p> <p>\$2500 per month Fixed Costs</p> <p>Customer pays N60</p> <p>\$35,500 in bank to manage payables for cash flow</p> <p>Otherwise you will go cash negative</p>
Customer Net 90	<p>Same scenario but customer pays N90</p> <p>You need \$52,500 in the bank to manage payables for cash flow.</p> <p>Otherwise you will go cash negative</p>
How does it work	<p>After the training video, take the Cash Flow Model training to learn how to update your cash flow model as well as learn about how different situations impact your cash flow.</p>
Tips for Creating your cash flow plan	<p>(1) Items to include in Cash Flow Plan:</p> <ul style="list-style-type: none"> Sales Cycles Terms (Vendor and Customer) Discounts for prompt payments offered to customers Industry delinquency rates Salaries Taxes Day to day operating expenses Loan payments Supplies Repairs Advertising Rent Phones Utilities Insurance Inventory Invoice creation time (How quickly will you bill) Equipment Professional fees Office supplies Vehicles Gas for vehicles <p>(2) Clean and good credit: Your business and personal credit will be reviewed when opening accounts with vendors. The better the credit the better terms you will receive. Remember you want and need longer terms with vendors. This has a positive impact on your cash flow.</p>

	<ul style="list-style-type: none">(3) Limit Open Terms to customers: Waiting for payments from customers chokes your cash flow. Don't just provide customer with open terms. Follow the standards of the industry and don't provide open terms unless the customer requests them and deserves them.(4) Ask vendors for extended terms: It doesn't hurt to ask. Find out when they extend the terms. Anything you can do for a positive impact to your cash flow.(5) Email Invoices and send statements: Email the invoices when possible to reduce the delivery time (more time for you customer to process or alert you to disputes). Sending a statement is a touch in the collection process and saves you time and money from making a call. It reminds the customer what is due and shows that you expect payment on time. It will help to encourage customers to pay on time.(6) Review receivables daily: Customers will not just pay their invoices. You need to keep focus on the receivables to ensure that invoices don't go delinquent. Remember a sale that is not collected is a donation. Late or non-payments have negative impacts to cash flow.(7) Offer 2%, net 10: If you are having cash flow issues, you can offer discount terms to help keep the cash flow healthy. A 2%, net 10 discount means. If the customer pays in 10 days they will receive a 2% discount. It's hard to give the 2% discount but you should weigh how important it is to have your cash in 10 days versus what the industry is currently paying. Sometimes up to 90 days. Also, offering a discount will usually reduce your cost and time for collections as customers are incentivized to pay. You should evaluate if the 2% discount is beneficial for your business.
Users Additional Notes:	

Video: Selling - Notes

Subject	Notes
Selling	Air of the company Enjoy it Be an expert Want to do it No product sells itself
Do you have the ability and desire	You must have the ability and desire to sell. If not, your customers will not buy from you. Critical that you know how and want to sell.
What if you don't have the ability or desire?	Harder to hire a salesperson when you are a new business: High cost for seasoned salesperson Different passion level Cost to hire and support sales efforts Did you plan for these higher costs? Can you be profitable with these costs? How do you entice the person to join your team?
Sales Plan	You must have an established sales plan before you start your business.
Learn as you go	Bad idea- Sales is a proven skill that you can't just figure out when you start your business.
Sales attempt statistics	48% of sales people don't follow up 25% stop at two contacts 12% stop at three contacts 10% make 4+ contacts
Contacting Customers	It takes many contacts You must have a different message each time Be a welcomed guest not a pest Bring something of value to the buyer each time you contact them
Sale success statistics	2% of sales are made on 1 st contact 3% of sales are made on 2 nd contact 5% of sales are made on the 3 rd contact 10% of sales are made on the 4 th contact 80% of sales are made on the 5 th -12 th contact New business will be 7 th -12 th contact
Resilient	90% of salespeople give up too early
Contact progression	1 st contact – Get them intrigued 2 nd contact – Release new information 3 rd contact – Release additional valuable information Continue to provide valuable information or insight with each contact. Make them look forward to the information you provide.

Persistence	Rejection is nothing and expect it. You must continually contact the customer to get a sale. Don't get down when you are rejected. It is part of the process to a sale.
Many decision makers	Buyer Assistant buyer Sales team Accounting Marketing
Rope Theory	Each contact is a string Try to make as many different contacts as possible When you add the strings together the relationship becomes a rope It's harder to cut a rope than to cut a string
Igor	If Frankenstein is the buy and you aren't having luck, don't get stuck on him. Go find Igor, find someone else that can help get you the sale.
Be creative	Find a way to introduce yourself and your company in a creative way. You must approach it differently than everybody else. You must find a way to get an appointment,
How do you find an established salesperson	You need a plan It may cost you more to find the right person. Must offer a great value proposition.
Brand	What is your promise or commitment to your customers. Unique Selling Point (USP): Identify the unique selling point of your company, product or service. Clearly communicate the USP to your customers to ensure they know why to choose your product and its unique values.
Trust	People buy based on trust New businesses are hard for customers to trust. Takes time and money to build trust.
Know your customer	Know who your customers are and what they want. All customers have different wants and needs. Research your customers in advance of contacting and make sure to listen when you meet them.
Unique item to sell	You are the expert on your product and its unique values. You must believe in the unique values of your company and product to sell them.
Start off small	Practice your sales approach and skills on small customers first. Make sure you are bullet proof before you go after the big fish.
Don't give up and don't be redundant	Find different targets to sell to. Bring different ideas and information. Be creative with every contact.

	Keep contacting your customers and don't give up. 80% of sales are made on the fifth through twelfth contact.
Hunt your customers	The phone will not ring on its own. Don't only rely on marketing and advertising to drive customers to you. Hunt for the customers that are most likely to buy your product or service.
Early adopters	If you are a new company or product you need to find the customers that are early adopters. These are the customers that are willing to take a chance on a new company or a new product/service. Use them as references.
What is sales	Not a sales pitch Very strategic Research customers hot button Understand the view of the customer
How to handle price break requests	Don't just give a flat price break. Provide a window of time for the price break. Entices the customer to action. Limits how long the price reduction is in effect.
Reduce the customer Risk	Warranty Remove all risk obstacles for them
Avoid Machine gun approach	Find out what the customer needs instead of trying to sell them your product. Ask questions about their targets, goals, expansions, reductions, etc.... Tailor your sales approach to fit their needs instead of just trying to sell your product.
Special Opportunities	Do whatever it takes to get in. Consider it a cost of marketing. Special prices or free products will help get your product in their hands. If your product is good you will get return on your product.
Users Additional Notes:	

Video: Personal Risks - Notes

Subject	Notes
Personal Risks	Losing a Steady Paycheck Harder to return to the workforce Loss of Seniority Managers shy away from hiring ex-entrepreneurs Loss of health benefits -Cost and risk of increases Loss of paid vacations Stress during vacation Losing Investment -401k -Savings -Money from family -Is it life changing Losing more than your investment (additional debt) Value of money if you invested it in something else Do you invest more to keep the business going
Emotional attachment to money	When you work for someone else and something goes wrong the loss of money doesn't really have an impact. When it's your money and something goes wrong you have an emotional reaction. Imagine losing \$10k on an error. The \$10k you worked so hard and long to save.
Safety Net	For some people, their money is a safety net. Can you live without your money? Will you lose your house or cars if that money isn't there when an emergency occurs?
Reserves	How much do you have to live on while you start your business? What happens if you don't get income from your business when you plan to? What if you must use some of your reserves to add more into your business?
3-5 year sacrifice	Your business is like having a new baby It will require all your immediate attention You will work your customers hours (all hours) There is no time off when you are in charge You must want to make this commitment
Front of the check	You are paying bills
Back of the check	You are getting paid
Sales	Need to make 10-15 contacts to get a sale
Bankruptcy	It happens and you risk losing your money.
Risks from employees	Every mistake affects you and your business You will have to fix the errors You own everything

Impacts to your family	Are you ready to potentially miss the following events: Birthdays Proms Dinners Sporting events Family events Will your family understand?
Impact to Health	Missing dinners (eating poorly) No time to exercise Too tired to exercise
Stress	Stress will impact your health Stress will impact your relationships (moods) Need to have a plan to reduce stress
Diet	Lack of time to eat correctly Away from home and lack of choices for healthy meals
Family and Friends	Do you have the right support and understanding to be successful?
Users Additional Notes:	

Video: Credit Management - Notes

Subject	Notes
On line Business	No Risk
Store or Restaurant	No Risk
Selling to customers with terms	You have risk if you are selling to customers and extending terms.
Terms	<p>You must know what the industry terms are for your customers before you start.</p> <p>You must also research how the customers pay in your industry. Do they pay 10, 30, 60 days late?</p> <p>You need to know when you will receive the cash instead of when the cash is due.</p> <p>All customer pays late!</p>
Cash Impact	When you start your business, your bills will be due immediately. If a customer is supposed to pay N30 and doesn't pay until the 90 th day, you will need reserve funds to pay your bills until the customer makes the payment.
Large Customers	You need to have a plan if you are dealing with large customers or large orders. Milestone payments can be used to schedule payments from the customer that allows you to have a positive cash flow.
Considerations with contracts	<p>Make sure to include the cost of lawyers in your cash flow module.</p> <p>Understand the risk of penalties for late delivery or quality issues.</p> <p>Look for other 3rd party fees like inspection or staging.</p> <p>Cost for Bonds</p> <p>Make sure you understand the full cost of the contract</p>
Letter of Credit	A letter of credit is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase. You need to use your own collateral to establish a letter of Credit.
Terms with Vendors	When you start out your suppliers will not provide you with open payment terms. You will need to provide cash with order.
Terms impact Cash Flow	When you start your business, you will be paying all your vendors in advance and then waiting for your customers to pay you. The gap between the money going out and the money coming in has a major strain on cash flow. When you start out, you will need excess reserves to fund this cash flow gap.
Impact of a large order	If you receive a large surprise order, you need to have the cash available to buy the supplies but also pay your monthly bills. If you don't have the funds or access to a credit line, you run the risk of not being able to fill the order in a timely manner.

Customer bankruptcy	<p>It does and will happen. The timing of a bankruptcy can cripple your business. If lucky you will receive 25 cents on a dollar.</p>
Limit Risk	<p>You must evaluate every customer you provide terms to. Banks and credit card companies are diligent and you must be too. You need a credit management plan. It's not a sale until you collect the money. A sale with collecting the money is a donation.</p>
Info on Customer Bankruptcies	<ol style="list-style-type: none"> (1) Type of Bankruptcy: Find out what type of bankruptcy the customer is filing. There are different types that have different rules and impacts (Chapter 7, 11, 13) (2) Chapter 11 and 13: Chapter 11 and 13 are considered reorganizations and the customer will be required to pay debts back according to a court plan. Usually four to seven months for the customer to start a repayment plan. (3) Chapter 7: Chapter 7 is a final bankruptcy and the assets will be liquidated to try and pay debts. (4) Stop Shipping: Stop shipping to the customer immediately. Check for any shipments in transit and stop them as you need immediately limit your exposure to the company. (5) Don't contact the customer: Stop contact with the customer immediately. Collection calls are normally a violation of the bankruptcy code and you can be sued. (You can only contact the attorney handling the bankruptcy) (6) File a Proof of Claim: You will not be paid unless you file a proof of claim that shows what the customer owes you. The distribution of funds is based on which vendor file a proof of claim. (7) Get help: Educate yourself on the steps for the different types of bankruptcy and decide if legal counsel is warranted.
Receivables – Things to consider	<p>Customers will not just pay. You need a plan before you start. Understand the cost to collect your receivables. Do you do it in-house or outsource? If outsource, make sure the collections group treats your customers the way you want them to be treated. Send Statements Calls need to be made during working so it will impact your ability to do other working hours functions. You will need to plan for time to address the issues customer have with invoices (pricing, errors, shipping, POD, freight, etc...) Monitor customer payment habits and address changes immediately.</p>
Credit Management	<ol style="list-style-type: none"> (1) Credit Reviews: Implement a credit review process for customers that have payment terms with your company. This review should be

	<p>performed at the creation of the terms, periodically, and any time the customers payment habits change.</p> <ul style="list-style-type: none">(2) Distressed Customers: Do not extend terms to distressed customers. You can still sell to them but request cash with order, collateral, third party guarantees, letters of credit, Uniform Commercial Code 1 forms (lien against an asset).(3) Contracts: Sign a contract with customers with a clause detailing actions upon non-payment and bankruptcy.(4) Credit Limits: Perform thorough reviews before extending credit limits or allowing for sales over credit limits. Your initial credit limit is based on what you feel the customers can manage in their cash flow. Remember many businesses fail because they are unable to manage the cash flow. You can always get down payments or some type of security for large one-time orders.(5) Monitoring Company: Subscribe to a credit monitoring program to monitor customers with middle and high tier credit limits.(6) Monitor Payment habits: An early sign for catching customers facing cash flow problems is a change in their payment habits. When customers payment habits change you should take some time to evaluate their financials.
Cash is king	Understanding how receivables impacts your cash flow and having a rock-solid plan for collections and credit management is critical before you start your business. Remember, cash is king and sale is only good when the cash hits the bank.
Users Additional Notes:	

Video: Hiring and HR - Notes

Subject	Notes
Start	When you start it's only you
Decision to Hire 1 st person	When your business grows to a point where you can hire an employee and there is value in having someone else do routine tasks. It allows you more time to focus on parts of the business that are needle movers.
Contractor	Provides work according to contract. A contractor is not an employee. 1099 form Laws around when/how to use a contractor. Possibility for fines Seek guidance from tax professional IRS 20-Factor test for Contractors Must have a contract in Place -Services to provide -Compensation
Advantages for using a contractor	Test drive – How do they perform? No Taxes No Medicare No Unemployment insurance No Benefits (health care, vacation, 401k, etc....) Easier to attract for a start-up
Employee	Harder to attract to start-up companies Cost of benefits (health care, vacation, 401k, etc....) Cost to administer benefits
Before you interview – Learn the laws	Many types of illegal questions (some examples): Are you Married? Have you ever been arrested? Do you have children? What year did you graduate high school? What country are you from? Where were you born? Where does your spouse work? Who takes care of your children while you are at work? What nationality are you? Which religious holidays will you need off? Do you rent or own?
13 protected categories	Categories: Age Citizenship Criminal Record Disability Family Marital Status Military

	<p>National Origin Parental Status Race or Skin Color Religion or Creed Residence Sex</p> <p>There are appropriate and inappropriate questions for these categories. If you ask an illegal question you open yourself up to a discrimination lawsuit.</p>
Risk of lawsuits	<p>Harassment Discrimination Injury LLR: Loaded Labor Rate</p>
Your 1 st employee	<p>The first employee becomes half your company. It's critical that the 1st employee is good and represents the company the way you do.</p>
Example of negative impacts from bad employees	<p>Sales: What if you don't have the guy that's willing to make ten contacts for a sale?</p> <p>Customer Service: What if they hate their job and are rude to the customers...the customers you contacted ten times to get a sale? How many contacts are now needed to get another sale from them?</p> <p>Collections: What happens if they aren't customer sensitive and threaten or demand payment for orders. What if the demanding calls were invoices where your company made an error or didn't deliver yet?</p> <p>Distribution: What if they don't pay attention to details and constantly ship the wrong products or quantities? What is the cost to fix the errors and will customers ever buy from you again?</p> <p>Production: What if they aren't qualified to do the job correctly? What is the cost for quality defects, loss of customers, or law suits?</p> <p>Finance: What if your finance team has Binocular Focus and only looks at sales? What's the impact to costs, Mark Up, margin, inventory levels, receivables, Cash Flow, etc.?</p>
Critical	<p>It's critical to hire the right people. Who you hire will have a major impact on your business.</p>
Strategies for Hiring	<p>(1) Treat it like an investment: Treat the search and hiring of new employees as an investment and identify what type of return you expect over time. Identify what skills and abilities the person needs to meet your return expectations.</p> <p>(2) Actively Recruit: Recruit candidates through employee referrals, professional networks, professional associations, headhunters, colleges, temporary agencies, contractors, and</p>

	<p>online job postings. Try to find and attract the best qualified candidates instead of expecting the best to find you.</p> <p>(3) Cross-functional interviewers: Have members from cross-functional teams interview to provide feedback on compatibility.</p> <p>(4) Personality test: Administer a personality test to identify if the perceived attributes match the test results and determine if they are a strong fit for the role and team.</p> <p>(5) Be thorough: Check referrals of previous employers and managers as part of your evaluation.</p> <p>(6) Final interviews: Have someone with no skin in the game interview your finalist to get unbiased feedback.</p> <p>(7) Don't hire below your expectations: A bad hire costs \$25,000 to \$50,000 to replace. Hire someone you are excited to have on your team for the next 10 to 15 years.</p>
Other issues you may face with employees	<p>You can think of millions of issues that arise when employees don't do things the right way. Now think about how your business be impacted when the employee experiences the following:</p> <ul style="list-style-type: none"> Takes vacation has alcohol or drug issues enters drug rehab has family issues takes sick time must take time to take care of sick family member (FMLA) goes on maternity leave harasses a customer harasses someone at work gets harassed at work gets harassed by a customer walks out and quits fights at work argues with co-workers dies
How to handle issues	<p>Remain calm</p> <p>Work the issues</p> <p>Logic instead of emotion</p>
Why 1 st employees are critical	<p>1st employee = 50% of company</p> <p>2nd employee = 33% of company</p> <p>51st employee is not as big of a deal.</p> <p>Your 1st employees play a critical role in your success</p>
Users Additional Notes:	

Video: Customers - Notes

Subject	Notes
Customer relationships	<p>There is no build it they will come. You can have the greatest product in the world and still fail. Understanding your customers, what they want, and how to sell to them is the only way to sell your product.</p>
How to understand customers	<p>What are their goals and objectives What are they working on What is their future direction How are they evaluated The only way to provide your customers with a product or service that they value and want is to make sure you are listening to them and hear what they really want.</p>
How to make a customer feel valued	<p>A customer that feels that you value them will be a return customer. They feel that they are getting more for their money as they are getting the product but also an added benefit of a company that cares about them and their needs. Some easy ways to make your customer feel valued:</p> <ul style="list-style-type: none"> • Excellent Customer Service • Return calls and emails immediately • Ask for feedback on products and services • Customer rewards programs • Special offers and discounts for return customers • Warranty service • Ship on time or provide service according scheduled time
Stats	<p>75% of customers will leave a brand if they have a bad experience 95% of customers will share a bad experience with others Customer will tell twice as many people about a bad experience 6-7 times more expensive to acquire a new customer 60% try a new company for better service Customers are worth 10 times their 1st purchase 60% will pay more for great customer service 65% of consumers read reviews</p>
How to take care of a customer	<p>Respond to calls or emails immediately Deliver on your commitments Establish expected timelines for solutions Ask them for ideas or input</p>
How to reward customers	<p>Great Customer Service Loyalty program Special Discounts</p>

	<p>Exclusive offers</p> <p>Immediate Warranty response</p> <p>Turn negatives into positive experiences</p>
<p>Example of a company who didn't listen to customers</p>	<p>2006 Cell phone manufacturer</p> <p>22% Market share</p> <p>Customers loved the company.</p> <p>Customers want more features</p> <p>Company stuck to their plan and didn't provide features</p> <p>Competitors listened and released phones with features</p> <p>The arrogant company lost most of the market share.</p>
<p>Jet Ski</p>	<p>Ability to change directions quickly</p>
<p>Battleship</p>	<p>Long time to change its course</p>
<p>Brand importance</p>	<p>Your brand tells your unique story. It's critical that company's identity what their customers want and provide the products they are looking for. The company must brand themselves in a way that makes it easy for customers to identify their unique value.</p>
<p>Does Brand need to evolve?</p>	<p>The world evolves and so to should your brand and unique value. Just because your marketing works today doesn't mean that it will work in ten years or even next year. If you are continuously listening to your customer's you will have the opportunity to evolve your unique value and brand as they evolve.</p>
<p>Competition</p>	<p>Don't ever underestimate your competitors. Remember, this is a competition and they are trying to win. If you don't focus on what they are doing or can do, then you may be blindsided by what they do to win. Competitors are always capable of trying to do things better, faster, cheaper, higher-quality and providing more value.</p>
<p>Sell against yourself</p>	<p>Try to sell your competitors product to your staff or friends and family. It's the best way to understand your competitor's products and strategies.</p>
<p>Price</p>	<p>When competing with competitors the price of your product or service is always a major point. Many businesses fail because they don't understand pricing strategies.</p>
<p>Pricing Strategies</p>	<ul style="list-style-type: none"> (1) Greed invites competition: There are times when you may be in a situation where you have a unique product, service, or relationship. Getting greedy with your pricing will usually result in customers looking for alternatives or competitors fighting to get in. Always be fair with your pricing. (2) Premium: Used for new products or services. If a clear and unique value for a product or service is understood by the customer then a premium can be added to the price for short period of time. (3) Penetration: This strategy is used when you are trying to break into a market or draw interest away from competitors. This

	<p>technique will result in low profit margins and is not a long-term strategy. It is used to penetrate the market at a lower price and introduce your customers to your unique value. Once established you will need to change your pricing strategy and increase your price.</p> <p>(4) Anchoring (Tier pricing): Establish a high priced option as an Anchor for your customers to compare your other products or services to. When comparing the items to the anchor they perceive the lower price as best value.</p> <p>(5) End prices with a 9: Studies show that prices that end with an 9 outperform other prices. Even if the other price is lower.</p> <p>(6) Test your pricing levels: Test pricing increases and decreases in pilot groups (small customer segments) to understand the impacts. There is no sense in lowering prices (profit margin) if there is no impact on sales to make it beneficial.</p>
Customer Satisfaction with shipments	<p>Deliver on time Notify them of late shipments</p>
Inventory	<p>Too much – Impacts cash flow Too little – Unable to deliver on time</p>
Inventory tips	<p>(1) Analyze usage and lead times: Understanding how often you sell your product and how long the lead time is to replace the product will help you to plan when you need to purchase inventory and how much to purchase. You need to find the optimum levels that minimize on-hand inventory without causing you to run out of inventory.</p> <p>(2) Reduce Safety Stock: Safety stock is how much extra inventory you keep on hand to prevent from running out. Track your inventory to see if your safety stock number is too high and reduce if possible.</p> <p>(3) Provide forecast and schedules to vendors: Another way to reduce lead times with vendors is to provide forecasts and schedules. If you have accurate forecasts and schedules, vendors are willing to plan around your needs and reduce lead times.</p> <p>(4) Lean on suppliers to carry inventory: Having your suppliers carry inventory allows you to reduce the amount of inventory you keep on hand. The less money you must invest in on-hand inventory improves your cash flow.</p> <p>(5) Reduce lead times from vendors: The longer the lead times from vendors the more safety stock you will need to carry. Try to reduce you lead times by finding vendors with shorter lead times or ask vendor to carry inventory.</p>
Users Additional Notes:	

Video: Leadership - Notes

Subject	Notes
Leaders	<p>Need to know how to mitigate risks</p> <p>Leader and decision maker</p> <p>Plays all positions</p> <p>Poor leader = Failure</p> <p>Clear vision</p> <p>Strategy</p> <p>Monitor and adjust strategies (continuous improvement)</p>
Time Constraints	<p>You are doing all the work and making all the decisions and you will run out of time to do everything.</p> <p>When planning your business, you need to understand how much time you will have to do value added work and how much time will be spent on the day to day operations.</p>
Hidden Time Consumers	<ol style="list-style-type: none"> (1) Government Regulations: Federal Care Act, Federal Tax Code, (A recent survey showed that companies spend 40 hours a year) (2) Startup: Incorporation, setting up bank accounts, phone system, website design, creating marketing materials, signage, business cards, setting up accounting system, hiring employees, training employees, buying tools, equipment and supplies, finding a location, executing leases or purchases, sourcing vendors, establishing credit (3) Administrative Paperwork: Returning emails, filing sales tax reports, invoicing customers, sending statements, providing quotes, paying bills, maintaining bank accounts, creating marketing materials, maintaining accounting system, computer and printer problems, year-end financials, SEO optimization, social media updates, advertising, customer service (4) Maintaining Customers: Many entrepreneurs focus on attracting customers but it's even more important to focus on keeping customers. This may be through sales calls, emails, special offers, customer programs, discounts. These efforts take time and are critical to keeping your customer base. (5) Analyzing Competition: You must spend time researching your competitors and understanding what they are doing. They are looking to steal your customers so you must stay one step ahead of them.
Hire top people	<p>You will get to the point where you need to hire someone to be able to focus your time on needle moving activities. You will need someone that you can delegate to.</p>
Reasons why people don't want to delegate	<p>Fear to delegate</p> <p>Nobody can do it like me</p> <p>Too busy to delegate</p> <p>Don't have delegation skills</p>

	Feel guilty about delegating
Delegation tips	<ul style="list-style-type: none"> (1) Hire the right people: Hire quality employees or contractors (2) Task to Skills: Delegate to the correct person (Match tasks with skills or ability) (3) Be detailed: Be very clear and detailed about the task you are delegating, how you want someone to do it, when it's to be done, and have them repeat it back to make sure they understand. (4) Provide Examples: Provide an example of what you expect the final output to look like. People have greater success when they have an example to follow. (5) Milestones: Identify the expected milestones or completion dates. This will ensure that the task is being completed within your expected timeline. (6) Issue management: Establish what you expect to happen if they run into issues. Ask that you are immediately notified about issues or timeline constraints (7) Large tasks: For major tasks, schedule a timeline that includes milestones and updates (8) Your tracking: Use a spreadsheet to track what you have delegated with milestones or due dates.
Losing Focus	<p>It's exciting to work on the next big thing Entrepreneurs like to work on the exciting things Don't lose focus on what pays the bills Once you start to achieve success it gets a little boring Stay focused on your plan and business</p>
Binocular Focus	<p>Focusing on one thing and neglecting everything else If you like selling you may focus on selling and forget about finance People tend to focus on what they like to do When you are an entrepreneur you need to focus on everything</p>
Users Additional Notes:	

Video: Location - Notes

Subject	Notes
Location, Location, Location	The factors for locations are different depending upon which type of industry you are in.
Demographics – Selling to customers at your location	Accessibility Customers: -Customers -Foot traffic -Public Transportation -Parking -Major Roads -Workforce
Demographics – Distribution and manufacturing	Accessibility for shipments: - Loading docks - Parking for delivery trucks - Main highways - Transportation in area (costs and times) - Competition for transportation (not stuck to one shipper) - Distance from your suppliers (lead time) - Workforce
Brand	Does the location fit with your brand? You don't want an upscale restaurant in a factory area.
Compare to competitor	Compare your location to the competitor's location. Who has the competitive advantage? Which location is better for the customers and your future employees. -Easier to get in and out -Better parking -Access to public transportation -Easier to find -More aesthetically appealing -Surrounding businesses draw potential customers -Surrounding businesses can steal customers -Surrounding businesses compete for labor resources -Better work environment for your labor
Other factors	Other factors that need to be considered: Crime Rate Regulations and rules Proximity to where you live Future developments in the area Any planned road construction History of area (upward swing or decline) Area jobs supported by single industry (automobile industry story – town collapses when plant closes)

Your future	<p>How does the location fit your current and future business plans?</p> <ul style="list-style-type: none"> - What are the operating costs? - How efficient is the building? - What upgrades are needed? - Is there room to expand?
Lease or buy?	<p>At Entrepreneur org, we believe that it's always important to limit the risk as much as possible when you start. At first, you should lease. You don't want to extend yourself with purchasing property until after you have been in business for a period where your business has proven that it can support the costs of purchasing property or buildings.</p>
Strategies for leasing	<ol style="list-style-type: none"> (1) Price: Rent should be as low as 5% of gross income and not exceed 10% (Check for your industry) (2) Short term versus Long term: Since leases are not easy to change or break a short-term lease is less risky. A new business concept may face financial strain or grow quickly. You need a lease term that allows for you to be flexible and change as needed. (3) Triple Net (NNN) or net lease: Low base rent lease with all additional expenses (common area, maintenance, property tax, property insurance, electricity, water, gas, janitorial) paid separately (4) Gross lease: Includes the base rent and all additional expenses in the payment. (5) Build outs: What is agreed to be changed, who will pay for the changes, and who will own the fixtures after the lease ends. (6) Signage: What are the specifications and regulations (Sizes and locations they can be used). (7) Personal guarantee: Most leases will require the business owner to sign a personal guarantee. This means that even if the business fails, the business owner will be personally responsible to make the lease payments. (8) Escalation clause: For long term leases landlords may try to add an escalation clause that allows them to raise the rent according different factors. This can be a very costly risk and needs to be evaluated.
Lawyer	<p>Have a lawyer check your lease and provide guidance.</p>
Negotiation Tip	<p>Ask for free months when you negotiate your lease.</p>
Real savings?	<p>Cheaper rent may sometimes be offset by higher costs for labor or other resources.</p>
Users Additional Notes:	

Video: Partner - Notes

Subject	Notes
4 th Pillar	Partners – Needs to be equally as strong as the other pillars. A weak partnership can impact the other 3 pillars. It's no secret that having the right partners can lead to great success. However, having the wrong partners can have the opposite affect and lead to dysfunction, poor performance and ultimately failure.
Stats	80% of businesses fail 70% of partnerships fail 50% of marriages fail
Marriage	Date many partners to find the right one Date for a long period before you get married Take time to pick the perfect partner 50% still result in Divorce
Partnership	No large partner pool to pick from No long period of practicing business together Spend 40-50 hours per week working together High Stress Different goals Different strategies Different work ethics Different communication styles Many decisions have financial impacts No wonder 70% end in failure
Advice	Spend 60 days working together on the business plan to see if you are compatible.
Reasons people get partners	<ul style="list-style-type: none"> - Don't have a job - Don't have the funds to start a business - They are friends or family - It will be fun - Want to lower their risk - Afraid to do it on their own <p>These are all motivations and not reasons. This is no different than the exercise we went through for starting a business.</p>
Right Reason to get a partner	It starts with the reason: The partnership provides you with the ability to achieve something you can't achieve on your own. If you can achieve it on your own then you should pursue it on your own. There is no sense in adding a 70% chance of partnership failure to your already risky business start-up.

<p>After reason, what is needed to make it work?</p>	<p>Complementary Skills and competencies Compatible personalities Shared vision Effective communication styles Agreed upon goals Beneficial experience Maturity Commitment Defined roles and expectations Personal Trust Trust in abilities to perform Trust in decision making abilities Egoless Social Stability</p>
<p>Don't chase the \$'s</p>	<p>You must evaluate if it will really work. 70% fail so don't risk a partnership unless you clear all the partnership hurdles.</p>
<p>Example of a partnership that worked</p>	<p>1837 Candle stick maker and a soap maker Economy was in distress Both would fail on own Products had similar manufacturing, materials, and customers. Partnered and bought better equipment, lowered material cost by buying in bulk, and increased sales by cross-selling both products in 1 visit. \$65 billion in sales today Proctor and Gamble</p>
<p>Users Additional Notes:</p>	

Video: Cash Flow Model - Notes

Subject	Notes	
Cash Flow Model	Download on Bootcamp training page "Cash flow Model (excel)	
Before you start	Needed: Identify all your costs Accurate sales forecast Inputs must be accurate by month	
2 tabs	Cash flow Model Instructions tab	
Instructions	 = Cells left blank (Do not use)	
	 = Cells with formulas (No need to update)	
	 = Cells used for manual entry (user updates these cells)	
Update the following information	Below is a list of the cells to update:	
	Cell: B3	Enter your initial investment to start the business
	Cells: C6 - N6	Enter the amount you will receive from sales in each month. Remember to enter it in the month that your customer will pay (terms and customer payment habits).
	Cells: C7 - N7	Enter the amount you will receive from loans to run the business or additional investment you plan make each month.
	Cells: C12 - N12	Enter the you will pay each month for products purchased. Remember to enter it in the month that you will pay the invoice (vendor terms, cash on order, etc..)
	Cells: C13 - N13	Enter the amount you will pay employees, taxes, and benefits.
	Cells: C14 - N14	Enter the amount you will pay for advertising and marketing.
	Cells: C15 - N15	Enter the amount for delivery charges.
	Cells: C16 - N16	Enter the amount for rent.
	Cells: C17 - N17	Enter the amount for Utilities.
	Cells: C18 - N18	Enter the amount for Insurance.
	Cells: C19 - N19	Enter the amount for any other costs for each month.
	Cells: C20 - N20	Enter the amount for Loan payments.
	Cells: C21 - N21	Enter the amount for any capital purchases.

How to read results	How to read	
	Row 3	Cash in Bank (start of Month): This is the projected amount of money that you have in the bank at the start of each month after the bills are paid the previous month. If you show a negative amount(cash negative), this the amount of bills you were unable
	Row 8	Total Cash received: This is the projected amount of total cash you business received each month. It includes your sales, loans, and additional investments.
	Row 9	Total Cash Available (Before payments): This is the projected amount of total cash you will have each month before you make any payments. It includes the totals cash received for the month and cash on hand at the beginning of the month.
	Row 22	Total Cash Paid out: This is the projected amount of total cash that you will pay out by the end of the month. It includes all costs and expenses.
	Row 23	Cash Balance (End of the month): This is the projected amount of money that you have in the bank at the end of the month. If you show a negative amount(cash negative), this the amount of bills you were unable to pay and would need to add cash to your c
Cash Flow example in video	\$25k sale per month (even) 40% Gross profit margin \$2500 per month Fixed Costs Customer pays N60 \$25,500 in bank to start Vendor terms Cash in advance	
B3 Starting Cash	Enter \$25000	
E6 – N6 Expected payments	Enter \$25,000	
Row 7 Other	Leave blank	
C12 – N12 Product cost	Enter \$15,000	
Row 13 Payroll and taxes	Leave blank	
C14 – N14 Advertising	Enter \$300	
C15 – N15 Delivery	Enter \$300	
D16 – N16 Rent	Enter \$1500	
D17 – N17 Utilities	Enter \$300	
D18 – N18	Enter \$300	

Insurance		
Row 19 Other	Leave Blank	
Row 20 Loan Repayment	Leave Blank	
Row 21 Capital Purchases	Leave Blank	
How to read	How to read	
	Row 3	Cash in Bank (start of Month): This is the projected amount of money that you have in the bank at the start of each month after the bills are paid the previous month. If you show a negative amount(cash negative), this the amount of bills you were unable
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Users Additional Notes:		

Cash Flow Charts - Notes

Understanding how decisions and events impact Cash Flow is critical to success. The following charts provide a quick look at how different events impact Cash Flow.

The charts are based on an Entrepreneur's first year in business.

Chart 1: Cash Flow – Customer Terms
The impact of different customer terms

- N30, N60, N90

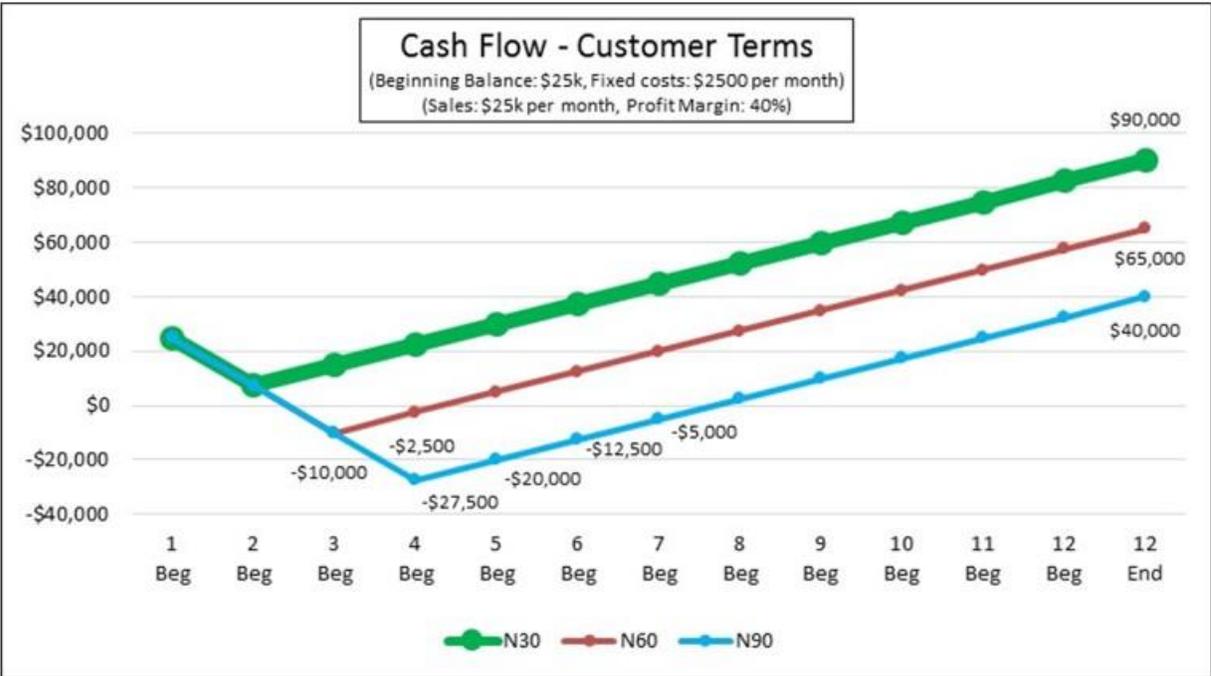


Chart 2: Cash Flow – Disputes, Refunds, and Quality

The impact of disputes, refunds and Quality issues

- Disputed invoice causing a delay in payment for additional 30 days
- Refund processed that results in a lost sale
- Quality issue where product needs to be scrapped and replaced

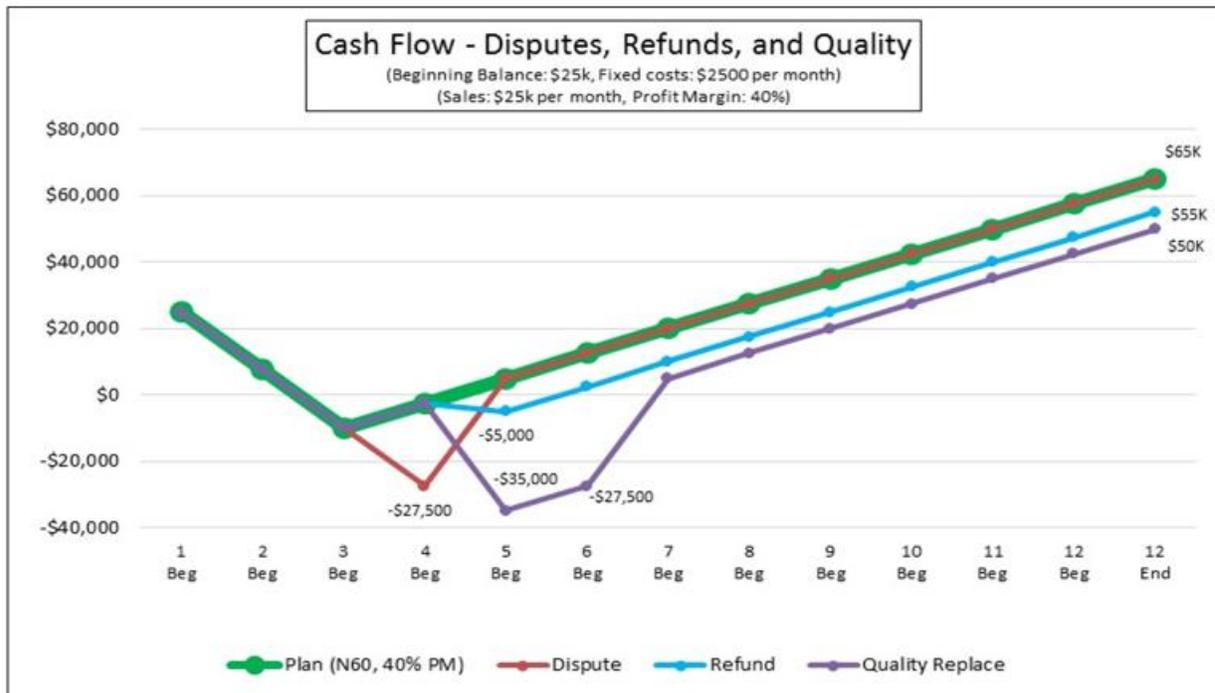


Chart 3: Cash Flow – Price Reduction and Sales Increase

Impact of lowering Sales price

- Price reduction to 25% PM and no increase in sales
- Price reduction to 25% PM and doubling sales volume

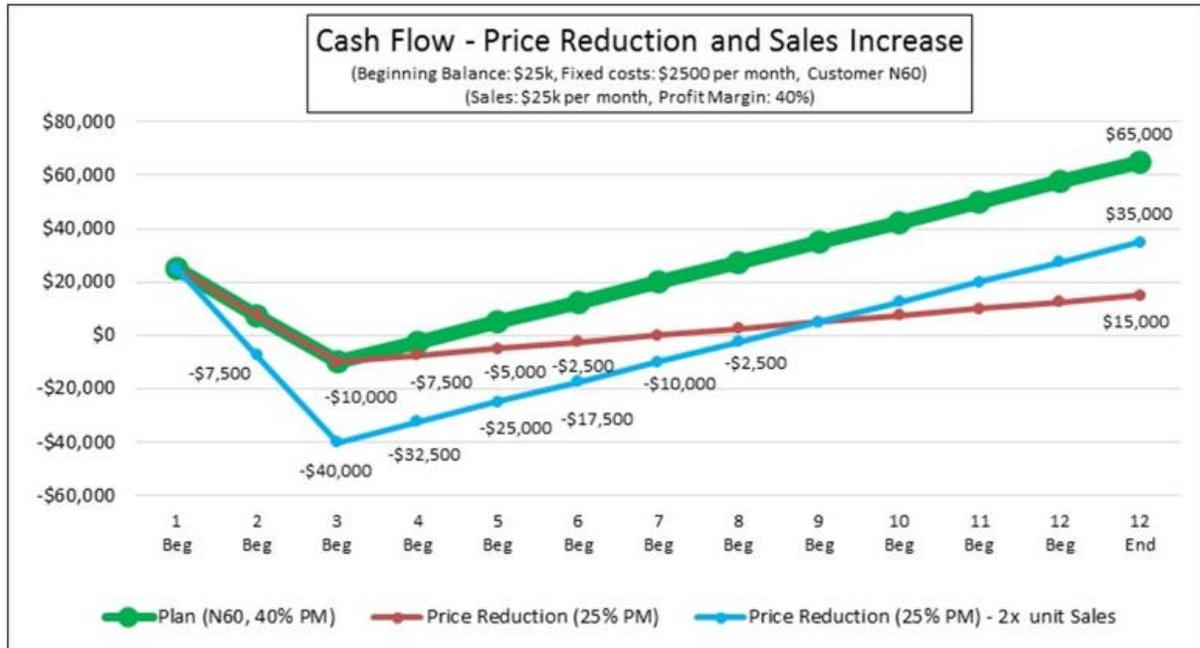


Chart 4: Cash Flow – Price Reduction and Uneven Sales

Impact of Uneven sales and lowering price

- Uneven sales where the total sales per year goal is attained but the monthly sales are not even (Cyclical sales)
- Lower price to 25% PM, total sales are per original plan and monthly sales are even
- Lower price to 25% PM, total sales are per original plan and monthly sales are uneven

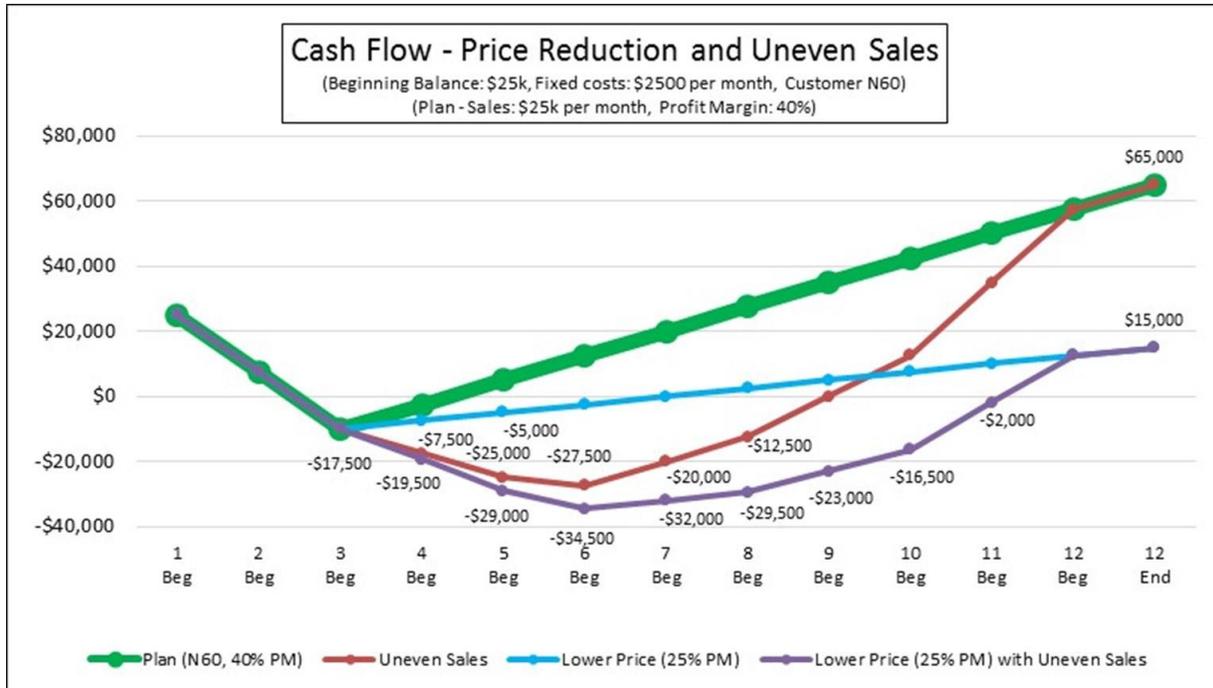


Chart 5: Cash Flow – Large Order

Impact of a large order early on in your business

- Large order that is 4 times the value of 1 month's sales

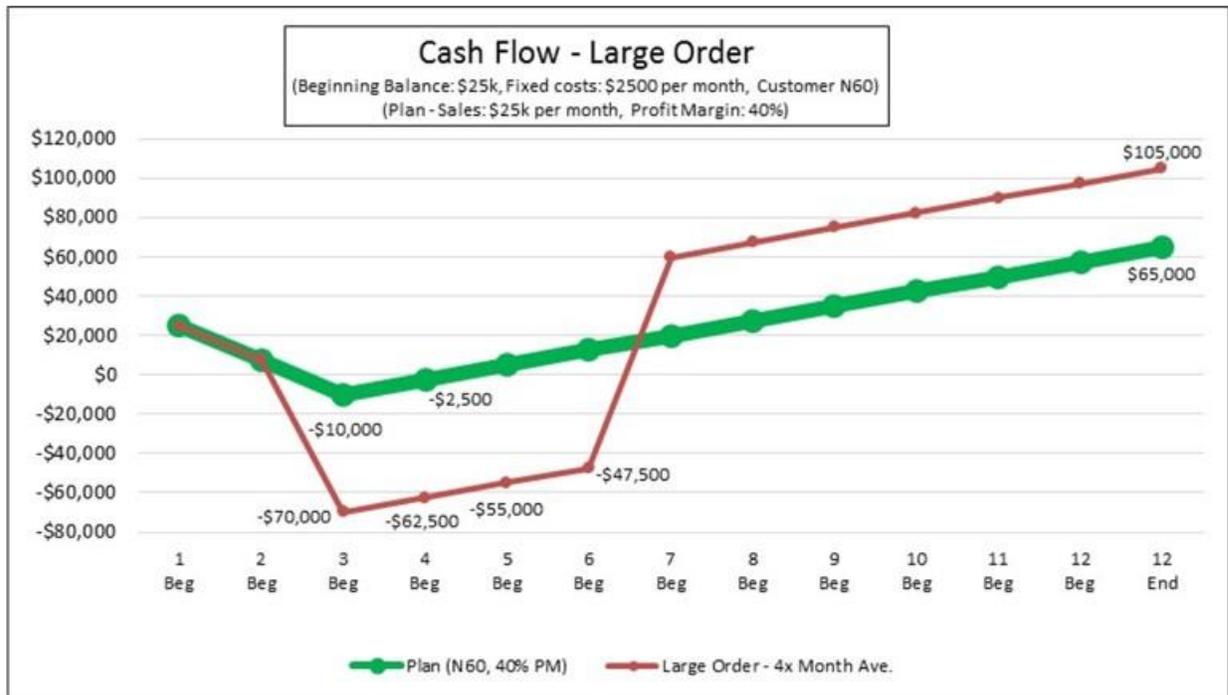
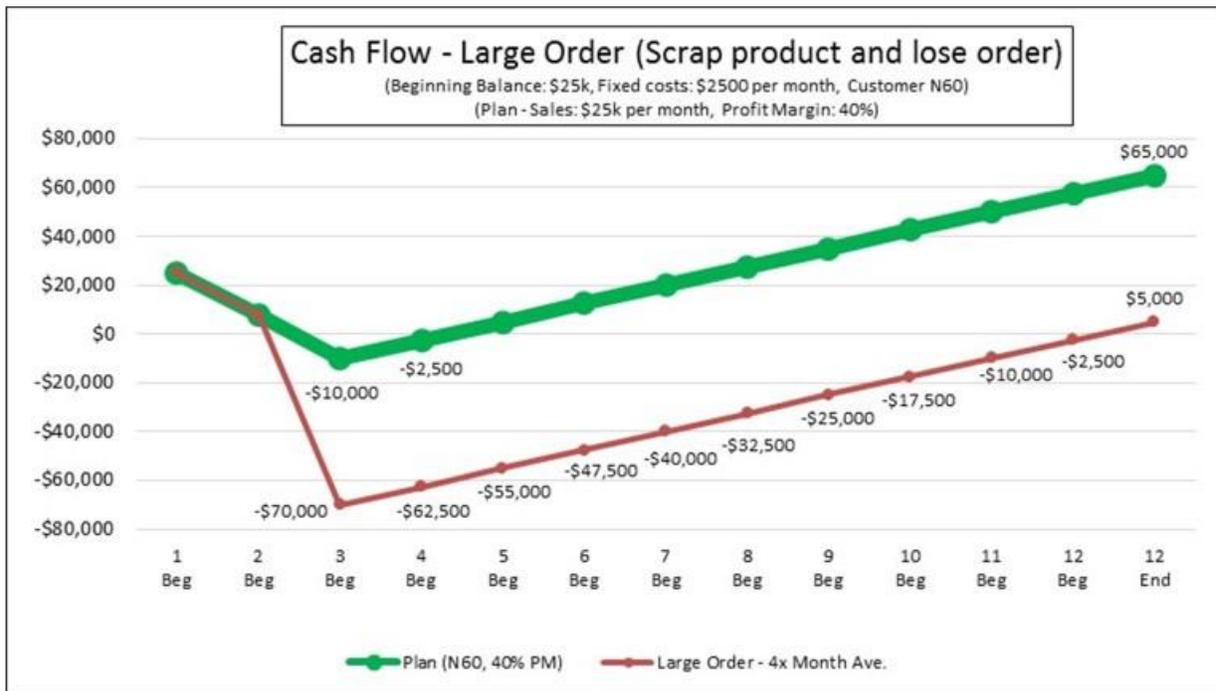


Chart 6: Cash Flow – Large Order (Scrap product and Lose order)

Impact of a large order that results in a quality issue where you must scrap the product and lose the order. Example: Design issues, Quality issues, Source from international supplier and can't return, etc....

- Large order that is 4 times the value of 1 month's sales
- Product must be scrapped and you can't get a refund from the supplier
- You lose the sale with the customer



Video: Summary - Notes

Subject	Notes
3 Pillars	You Your Idea Your Ability to Execute
You	Your Personality -Identify weaknesses and work to strengthen
Your Idea	Niche Reason Plan Capital Make sure there are no holes
Your Ability to Execute	Top 100 skills Train on weaknesses Hire or outsource for areas you are weak Continually train to increase skills
Partner	1+1 must = 3
We are here to help	Stay in contact with us- Let us know how we can make this better or continue to help you.
Connect with us	Social Media: Facebook Twitter Instagram Youtube
Email us	Let us know what topics you'd like us to address or get experts to help with.
Subscribe to us	We will keep you up to date with article, tips, tricks, and the latest information.
Coming Soon	Reduce the Risk Membership (\$9.99 per month) - Inventory of Strategies and Best Practices -Library of training videos -Trusted vendors and partners listing -Members forum -Webinars by Industry Experts -Entrepreneur podcasts -Tips and tricks articles and videos -Documents library -Networking opportunities -Exclusive special offers and discounts
Users Additional Notes:	

