

LESSONS LEARNED FROM 30 YEARS OF ENTREPRENEURSHIP

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Lesson #1: Know Your Expertise

- What do you bring to the market?
- What products and services will you sell?
- What distinguishes you from your competition?

Be confident that you have value!

Lesson #2: Go Where the Business Is

- Is there a market for your services and/or products?
- Is that market growing or shrinking? What are the forecasts?
- What are competitors selling? (If you have no competitors, does a market even exist?)

*Research your market today, tomorrow,
and 5 years from now.*

Lesson #3: Create the Right Business Structure

- Which is the right company structure – LLC, S-Corporation, C-Corporation?
- Do you really need a business plan?
- Are financial projections useful?
- Do you need financing to launch your venture? What are the obligations?

Appreciate the importance of business planning and formation.

Lesson #4: Define Your Clients

- What are the demographics of your targeted clientele?
- Where do they hang out (online)?
- What are their pain points – and what solutions will you provide?

Be flexible in responding to the changing needs of your clientele.

Lesson #5: Get the Word Out

- Have a strong brand and consistent messaging across all platforms
- Use the *right* social media tools wisely
- Find the balance between online and offline/traditional marketing

People buy from people! Be visible, be authentic, be the expert that you are.

Lesson #6: Learn to Sell for Profit

- Master the consultative sales and closing process
- Own your client relationships – now and in the future
- Ask for the sale ... ask for referrals

*Be a solution provider.
Selling is not a dirty word!*

Lesson #7: Know Your Money

- Know the true cost of running your business
- Reverse-engineer your pricing
- Keep an eye on the books – constantly monitor, measure, analyze, and adjust

Revenue does not equal profit.

Fluctuation is the status quo.

Reverse-Engineering [Part 1]

1. What is your net income target?
2. What are your business operating costs, taxes, insurance, and other expenses? Don't forget:
 - You pay employer's share of employment taxes (SSI, worker's comp)
 - You provide your own health insurance
 - You must save for retirement (no employer contribution or pension)

Rough calculation = hourly "employee" rate X 3

3. Total it up and add 20% to that number

Reverse-Engineering [Part 2]

4. How many billable hours a week/year must you work and at what hourly rate to achieve your net income goal?
 - You cannot bill 40 hours/week
 - Allow for time off: vacation, illness, family, emergency
5. Or, how many products/services must you sell and at what price point?

Reverse-Engineering [Formula]

$$\begin{array}{rcccl} \text{Annual Net} & & \text{Annual} & & \text{Total Revenue} \\ \text{Profit Goal} & + & \text{Operating Costs} & = & \text{Objective} \end{array}$$

$$\begin{array}{rcccl} \text{Weekly Client} & & \text{48 Weeks/} & & \text{Annual Client} \\ \text{Capacity} & \times & \text{Year} & = & \text{Capacity} \end{array}$$

$$\begin{array}{rcccl} \text{Total Revenue} & & \text{Annual Client} & & \text{Target Price} \\ \text{Objective} & \div & \text{Capacity} & = & \text{Point} \end{array}$$

Reverse-Engineering [Example]

\$100,000 Net Profit Goal

- $\$100,000 + \$34,000 \text{ (expenses)} = \$134,000$
- $5 \text{ sales per week} \times 48 \text{ weeks/year} = 240 \text{ sales}$
- $\$134,000 \div 240 \text{ sales} = \558 per sale

*Do your numbers look realistic for you?
If not, what will you change ... your income
goal, quantity, or sale price?*

Lesson #8: Grow Wisely

- Develop new products and services
- Increase your pricing
- Get help when you need it
- Learn to care for yourself

*It will never go down the path you expect!
Be prepared – be flexible – enjoy the ride.*

Favorite Entrepreneurial Articles

“Top 10 Strategies for Entrepreneurial Success”

<http://tinyurl.com/mmse2z4>

“10 Steps to Entrepreneurial Elegance”

<http://tinyurl.com/la7sv49>

“Efficiency Breeds Performance Improvement”

<http://tinyurl.com/mwtbx97>

“Time Management 101: Lessons Learned the Hard Way” <http://tinyurl.com/ygk3rlg>

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