



\$ Profit Builders Inc.

BUSINESS CONSULTANT

Good solutions for your business!

Helping You Out-Think, Out-Perform and
Out-Earn the Competition-Risk Free & Guaranteed!

Starting Your Own Business: Part 1

According to Brian Tracy, our affiliate partner, more people are forming more different types of businesses today than at any other time in American business history. Last year, more than 820,000 new businesses were incorporated and more than 1,500,000 sole proprietorships were formed. More than a million partnerships were set up as well. Tom Peters, the business author, says that the primary driving forces of innovation in America today is in the small and medium sized business.

In a time of rapid economic expansion, in all directions, it is easier and more possible for you to start your own business and to be successful than it ever has been before. The good news is that, every single different type of person, from every single background, with every single limitation has started and built a successful business. And so can you.

The most important single quality in starting and building your own successful business is courage. Like the Starship Enterprise, you have to have the courage to go where no one has ever gone before. No matter how many other people have started and built businesses, when you embark on your first business, you will feel like you are the first person who has ever done it. And, in your terms, you are.

I have a good friend named Ivan who came over from the Soviet Union about five years ago. He did not speak a word of English and he had everything that he owned in a cardboard box tied up with string. For his first year in America, he lived in the district in New York called "Little Russia" delivering pizzas out of a Russian pizza parlor to Russians in the neighborhood who spoke his language.

But he was determined to get a piece of the American dream. For his first year, he studied English as well as American business and success ideas. After one year of delivering pizza, his English was good enough so that he got a job selling printing from business to business. In this third year, he started his own business as a printing broker and sold one million dollars of printing, earning a 20% commission for himself. The next year, he sold two million dollars worth of printing and earned \$400,000 dollars. Last year, he sold three million dollars worth of printing and earning more than \$600,000 dollars for himself. He recently celebrated his fifth anniversary in America.

A Vietnamese couple arrived in the United States a few years ago, penniless. The only person they knew was a cousin who had a small bakery in Houston. He took them in and gave them minimum wage jobs working in the bakery. But he was getting older and he told them that if they could come up with \$30,000, he would sell them the bakery. That became their goal.

They lived in the back of the bakery, sleeping on flour sacks and putting their two children in the local schools. They got up at 3 o'clock in the morning and worked 14 and 15 hour days. They earned \$8,000 per year after taxes and they saved \$6,000 per year for five years until they had the \$30,000 to buy the bakery.

Today, they own a chain of bakeries, they live in a beautiful home, their children are in excellent universities and they are financially independent.

74% of all self-made millionaires in America today got there by starting and building their own successful businesses. And here's an important point. Not one of these people had ever been in or owned a business before they started and built their own businesses. You do not need to have experience in entrepreneurship. You simply need to learn everything necessary and then apply it to your work as you go along. What hundreds of thousands and millions of other people have done, you can do as well.

Perhaps the best motto for small business success is the Michael Jordan advertisement for Nike running shoes, "Just Do It!"

Confucius said, "A journey of a thousand leagues begins with a single step."

What does it take to start your own business in America? Absolutely nothing! You can start your own sole proprietorship, and name it after yourself, and you don't even have to register it. You can decide, this very minute, that you are going to start your own business and you just did it.

You can now stop at the nearby bank, open a bank account in the name of your company, especially if you name it after yourself, make a minimum deposit and you are on your way.

If you pick a name other than your own personal name, you will have to register it for about \$25 to protect the name. But if you name the company after yourself, you don't need permission from anyone.

There is an important principle at work here. "If you build it, they will come."

Nature abhors a vacuum. If you go down to the bank and start your own company, you will create a natural vacuum in your personal universe and business opportunities will emerge to fill that vacuum.

Of course, if you have a clear idea of the kind of business that you want to be in, that is even better. But the very act of starting your own company and opening a bank account for it will cause things to happen in your life that you cannot today imagine.

Starting Your Own Business: Part 2



How do you find a business? There are a hundred different ways. But the most important of all is that you get into something that you really like, enjoy and care about. Passion is the critical factor in determining small *business success*.

As Peter Drucker said, “Whenever you see something getting done, you mind a ‘monomaniac’ with a mission.”

Every single business needs a dedicated champion who lives and breathes the success of that business and enterprise. Without a champion, with a person who is passionately committed to making that business successful, the business will definitely fail.

Even with a champion, there is no guarantee of success. But without someone who cares more about the business, the products and services and the customers, than anything else, the business has very little chance.

This is why you have to pick something that you care about and enjoy. Many people start businesses selling products that they particularly like using themselves. Other people start businesses because they are passionate about the technology or the science involved. Some people start businesses that are outgrowths of their hobbies or their interests in life.

Look around you at the parts of your life that you enjoy the most. Think about the products and services that you have the strongest feelings about. You may see something that you want or need that no one else is offering. Many people start businesses because their current companies are not interested in their ideas and they are determined that they can make them successful.

Often people start businesses because of what is called a “significant emotional experience.” Something happens in their life that makes them either angry or excited or enthusiastic and they decide to set off on their own for whatever reason.

Many people think that the reason you *start a business* is so that you can make a lot of money. The primary reason that people turn to entrepreneurship however is for the sense of personal freedom that it offers. Many entrepreneurs don’t earn as much after taxes as they would working in another job for another company for a period of years but they are their own bosses, they are free. And this is worth more to them than the security and higher pay of a corporate environment.

Whatever your motivations, if ever you have thought of starting your own business, you should just do it and get on with it, right now. You can start small, with a multi-level marketing business, or you can start working out of your house, offering a service part time, in the evenings and on the weekends. You have to get your feet wet in some way. You have to get your entrepreneurial experience and there is no other way to get it except by plunging in and learning as you go along.

Human beings are wonderful in the sense that they are “learning organisms.” You learn at an incredible rate depending upon the amount of experiences you subject yourself to. Most entrepreneurs who become successful have many months and even years of experience as entrepreneurs under their belts. They have been through every up and down, every twist and turn that is possible for a small business person to experience. As a result, they become wiser and wiser and they make fewer and fewer mistakes. They do more and more of the right things and they not only earn but hold onto a greater percentage of their profits. The cumulative result over a lifetime is financial success and financial independence.

One of the myths of entrepreneurship is that entrepreneurs are risk takers. This is simply not true. Successful entrepreneurs are “risk-avoiders.” Successful entrepreneurs are focused on earning profit. They do everything possible to minimize the risks involved in earning the profit which is their central preoccupation. And this must be your central focus as well.

Once you have decided that you want to enjoy the rewards of entrepreneurial success, your job is to explore every single detail of the business. It is to investigate before you invest. It is to leave nothing to chance. It is to talk to lots of other people and gets lots of input. Your job is to minimize, reduce, eliminate risk wherever possible in the pursuit of profit so that the profits are real and the losses are minimal or non-existent.

Whenever a person reaches the point where they say that they can “afford to lose” a little bit of money, you can be sure of just one thing. They are going to lose, and probably lose a lot.

The only thing that is easy about money is losing it. Making money is hard, harder and harder still. As the Japanese proverb says, “Making money is like digging in the sand with a pin. Losing money is like pouring water on the sand.”

Starting Your Own Business: Part 3



When you decide to start your own business, begin by reading several books on small business formation. Some of the best books ever written are on the bookstands today. Read about every single aspect of market planning, market research, financing, delivery and distribution systems, people, processes, and promotion, advertising and especially sales.

The most critical element in an entrepreneurial business is your ability to sell the product in quantity. In fact, *Inc.* Magazine once wrote that, “If you have the ability to sell, you’re a fool not to start your own business.”

Dun & Bradstreet summarized 50 years of research into successful and unsuccessful businesses recently with the conclusion that, “The reason for business success is high sales; the reason for business failure is low sales. All the rest is commentary.”

Your ability to sell the product is the primary driving engine of entrepreneurship. In fact, one of the biggest mistakes that entrepreneurs make is that they build their business successfully by selling the product or service that they know and love, and then they hire salespeople and back-off to become the manager.

Now the company has a mediocre salesperson and poor manager and begins to go downhill rapidly. Finally, before the company hits bottom, the entrepreneur fires the salesperson and goes back out to selling where he should have been in the first place.

Many people think that the key to starting a new business is to arrange all the money in advance. I heard a business professor giving recommendations to a roomful of entrepreneurs recently and I almost fell off my chair. He said that, when you start your own business, don't put any of your own money into it. Borrow all the money from the bank. And save your own money for your personal expenses.

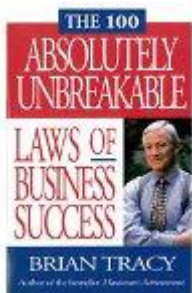
Nothing could be further from the truth. When you start your own business, 99% of all the money you will have for your business is what is known as "love money." This is money that you provide yourself or that people provide for you because they "love you." No bank or venture capitalist will touch a new business start-up.

Banks and bankers are not in the business of taking risks. They are in the business of making good loans which they are absolutely sure can be repaid. When I started my new business some years ago, I was amazed to find that no banker anywhere had any interest whatsoever in lending me a single penny for my business. Most of them treated me as though I was a combination of a failure and a pickpocket when I went into see them. I learned that this is quite common. There should be a sign in every bank lobby that says "No Small Business Start-Ups Need Apply."

Venture capitalists will only lend money to a company that has been in business for at least two years and that has a solid track record of increased sales, earnings and profits. Banks will only lend money to you if you can show them that you can cover the amount you want to borrow by about 500%. This means that they want \$5 worth of tangible assets for every dollar that they are willing to lend to you. Not only that, they want personal guarantees from you and your spouse that will outlive a bankruptcy and last all of your life. They will want an assignment of every single piece of property that you own, and many banks will even ask you, if you can believe this, to deposit in a certificate of deposit with them, the amount that you want to borrow.

The very best way to start a small business is for you to accumulate all the money that you can personally, sometimes by using your savings, loans against your homes, and money from your friends and family, and then start off. You should plan to grow by bootstrapping. This means that you start small and you grow out of your sales and your profits. This takes a little bit longer but enables you to develop the skills and abilities as you go along that are commensurate with the size of your growing business.

Many of the greatest enterprises in America started on a hope and prayer and a little bootstrapping on the part of an underfunded entrepreneur.



Find out the most important concepts and tips necessary for business success with Brian Tracy's book *The 100 Absolutely Unbreakable Laws of Business Success*

Starting Your Own Business: Part 4



When you begin your business, you must practice the “Two times, three times rule.” This rule says that, no matter how conservative your financial projections, everything will cost you twice as much as you have budgeted for and everything you do will take three times as long.

For example, if you think that it will cost you \$1,000 to develop a product and bring it to the market, it will invariably cost \$2,000 or more. Some start-ups go over by a factor of 10 times. If you think that it will take you three months to break even once you have started, you should triple that number and reckon that it will take you at least nine months. I’ve worked with companies that have taken three years instead of three months.

The most important single ingredient to any small business is cash. Cash is king. Cash is critical. Cash is everything. You must become an absolute fanatic about conserving cash. You must postpone, delay, defer and abandon every conceivable expense that you can dream of. You must not spend a single penny on anything that you cannot turn around quickly back into cash.

When I started my first new business many years ago, I went out and bought furniture, office fixtures, and a large photo copier and invested thousands of dollars in printing. Within 90 days, I had burned through all my savings and there were still no sales. I went so broke so fast I could hardly believe it. In no time, I was selling off my possessions, taking out a new loan on my car, and borrowing money from my friends and relatives. I almost went under because I did not realize how important it was to conserve cash at the outset.

Whenever a bank or anyone else looks at your business, the very first and most important number that they will turn to will be the amount of cash you have on hand. Cash is like blood or oxygen to the brain. If you have it, you can survive. If you run out of it for any period of time, you will die; the enterprise will fail, no matter how good its prospects may be for the future.

Never buy when you can rent, borrow or lease. Never buy anything new if you can get it used. Postpone all major purchase decisions for at least 30 days and then reevaluate them again. Most major decisions postponed for 30 days are never made at all. Never buy large quantities of stationery or promotional materials. Buy only the amount of materials that you absolutely need at the moment to conduct the business in the present. Forget all the economies of mass production and saving where you can get better prices by ordering large amounts.

When you start your own small business, you will be presented with a thousand different ways to waste money and a thousand different people encouraging you to spend your money on things that are not helpful to you. You must become as careful and as crafty as a fox.

When you start your new business, the most valuable assets you have are your energy, imagination, character and discipline. It is your ability to get in there and do the work and get the results. It is your

ability to make the key decisions and to get out there face to face with the customers and make the sales. It is the ability to follow through on your commitments and promises.

Ralph Waldo Emerson once wrote that, “A great institution is the length and shadow of a single man.”

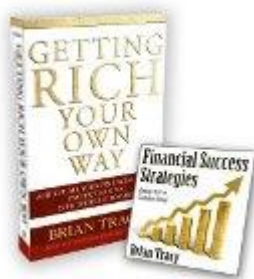
Well, even a small organization or company is the length and shadow of a single person. You are the business. The business is you. The business can never be more or less, better or worse than you are, on an hour by hour, minute by minute basis. The business is really a mirror image reflection of your character and ability. Your business tells you and the world who you really are.

According to the studies by the major accounting firms, investigating the finances and fortunes of many tens of thousands of businesses over the years, the statistics are consistent and usually unavoidable.

It takes about two years after a business starts up for the business to break even. During that two year period, the business will suffer mostly losses that will have to be made up from the energy and resources of the entrepreneur. In the second two years, the business will make a profit and most of those profits will go into paying back the bills and debts that were incurred in the first two years.

After four years, the business will start to break into the clear and the entrepreneur will start to make some good money. It is only after the seventh year of entrepreneurship that the business starts to be really successful and the entrepreneur begins to enjoy the good life that is possible for a highly paid person in America. And remember, most of the highest paid people in America are entrepreneurs who have passed the seven year point in building and running their own businesses.

Of course, it is possible to beat the odds. But beating the odds in entrepreneurship is very similar to miracles. It is not that miracles don't happen. It is just that you cannot depend upon them.



Achieve Financial Freedom and Success Faster than You Ever Thought Possible with my program
Getting Rich Your Own Way

[Starting Your Own Business: Part 5](#)



When you decide to start your own business, you can do it impulsively because of a significant emotional experience or event in your life, like the loss of a job or the appearance of an opportunity, or you can do it slowly and deliberately by spending several weeks or months in study and preparation. In either case, investigate before you invest. I learned from a very wealthy man many years ago that it is much easier to get into something than it is to get out of it. It is much more important that you spend lots of time investigating, in advance, before you commit time and resources to a particular business venture. This will do more to assure your long term success than anything else.

You've heard of the 80/20 Rule. This says that 20% of what you do will account for 80% of your results. Well, there is also a 20/80 Rule which says that the 20% of time that you spend in planning and evaluating at the beginning will be worth 80% of the results that you eventually get.

When you decide to start your own business, you should start off with a complete business plan. There are several books on the bookstands that you can get for a few dollars that will give you all the ingredients of a business plan. There are computer programs that will walk you through the process of building a business plan. The assembling and putting together the complete business plan is the test of the entrepreneur. If you have the discipline to do it, you will find that it is neither hard nor complicated. It just takes a lot of work on your part, generating the different numbers that you plug in to the different parts of the business plan.

Inc. magazine did a study of 100 start-ups a few years ago, 50 of which had done detailed business plans before they began and 50 of which had started on the back of an envelope or with an idea in the mind of the entrepreneur. After five years, they went back to interview the business founders. Most of the companies that had started without a business plan had gone bankrupt, ruining the founders and usually their families and friends in the process. Virtually all the companies that had started with a business plan were flourishing. Many of the business planners did complete business plans again every single year, sometimes spending weeks per year on their new business plans.

But here was the most important point. They asked the company founders how important the business plans had been to running their businesses. The answer they got surprised them. These people said that once the business plan was done, it was usually put in a drawer and hardly referred to again throughout the year. The exercise of thinking through the ingredients of the business plan prior to starting work was the most important part.

By doing a business plan, it forces you to think honestly and objectively about every part of the business before you begin. It will end up saving you an enormous amount of time and energy and will do more to guarantee your success than any other investment of time you can imagine.

Remember, time is money but money is time as well. If you have to work for five years to assemble \$20,000 to invest in your business, that \$20,000 represents five years of your life. You must invest and spend this piece of your life very, very carefully, and a business plan enables you to do it.

A business plan begins by your defining clearly the product or service you are going to offer in terms of how exactly it will benefit the prospective customer. You must determine exactly how much you will be able to charge for the product or service relative to how much you will have to pay to make your product or service available in the first place.

Before you begin with a new product or service, you must ask yourself, "Why would someone switch from what they are currently using to my product?"

For a new product to move into a competitive marketplace, it must have at least three factors about it that make it superior to whatever else is available. It must have three features or benefits that make it stand out and enable it to offer more than anything else than current customers may be using.

It must be faster, cheaper, easier to use or possess different features, factors or ingredients that other things don't have.

A business plan is usually a month by month projection, going forward about 18 months, of how much you intend to sell of your product each month along the top line. Imagine that you are going to be brought in front of a board of bank examiners and they are going to ask you to explain and to defend every number on your plan. Discipline yourself to think through thoroughly every single number and base it on the most specific facts and details possible.

If you project a certain level of sales, you should be able to show exactly how much advertising you will do and how many leads the advertising will generate. You should be able to show exactly who will call on or speak to each of these customers and how many sales can be expected from this prospect base. You must be able to estimate the exact amount of sale per satisfied customer and the amount of growth and net profit per sale, per product, per customer, per call.

There are proven practices and actions that successful business people have used time and time again. When you apply the same techniques, tips, and strategies, you, too, will start and build your own successful business. Learn more in Brian's step-by-step guide *How You Can Start, Build, Manage, or Turn Around any Business!*

Starting Your Own Business: Part 6



The measure of your ability as an entrepreneur is your ability to create a business plan and a budget and then to hit your numbers on schedule. Anyone can pull numbers out of a hat. But the best business people are the people who meet or exceed their numbers on a regular basis. This is the true measure of how good you really are.

Once you have an idea of how much you are going to sell and how you are going to sell it and who you are going to sell it to, and how you are going to deliver the product or service and get payment for it, you then go onto the second part of the business plan which is estimating all of the expenses involved in achieving the sales on the top line.

Take every single conceivable expense, in order, from the largest expenses down to the smallest, from cost of goods sold, the rent for your premises and your transportation all the way down to the cost of postage stamps. It's useless to play games with yourself, or to pretend or hope that you will not have to

pick up certain expenses. There is nothing that makes a business plan worse than the failure of the entrepreneur to include expenses that are unavoidable.

Once you have added up all your expenses, you then create a “fudge factor” of 20% of that total number. For example, if your top line sales for the month are going to be \$10,000 and your total expenses to achieve those sales will be \$5,000, you create a fudge factor of 20% or \$1,000 and you include that as a real expense. Believe me, it will become a real expense, no matter what you do.

Now you have an accurate projection of your net income for that month. You do this for every month, taking into consideration seasonal fluctuations, vacations, cycles and trends in demand over the year, and estimate what your business will be for the next 12-18 months.

Every month, you review your actual figures against your projected figures to see how close you were. By using a spreadsheet program like “Excel,” by changing any one of the figures on a go-forward basis, you can then push a button and change all the subsequent figures so they are more in conformance with your real experience rather than your projections.

Over time, you can become extremely accurate at projecting exactly how much you will sell, how much it will cost to make those sales and how much you will have left over. The better you become at this, the better entrepreneur you become in every other respect as well.

There are two more points with regard to starting a new business. The first has to do with buying an existing business. Here is the rule. No one sells a profitable business. If someone has a business for sale, it usually has a hidden flaw of some kind. Perhaps you can compensate for the flaw and make the business prosper. Perhaps you cannot. But in any case, you must find out what it is.

I have spoken with countless entrepreneurs who have been offered businesses for sale. When they heard this rule from me they went back and investigated, and in every case, they found that there was something in the business that the seller had not told them. In one case, the major customer for the business was closing down and fully 50% of the revenues would disappear by the end of the year. In another case, a competitor was bringing out a better product at 25% lower cost than the best product of this company and their sales would be non-existent within 12 months. Find the hidden flaw and if you can't compensate for it, don't buy the business at all.

If someone wants to sell you a business and it has problems, offer to pay them for the business out of the profits of the business. If there are no profits, there is no payment. Anybody who is selling a profitable business will be open to receiving a substantial part of their return in the form of ongoing profits. If a person is reluctant to be paid out of profits, you can judge for yourself whether you want to pursue it.

The second area of starting a business has to do with network marketing. There are many outstanding network marketing companies in America today. Unfortunately, there are quite a few fly by night network marketing companies as well. But here is the rule. Everything that applies to starting your own business, in terms of business planning, selling, budgeting, projecting, and investing many months and even years, applies to building a successful network marketing business. If you are not prepared to invest 3-5 years building your business, don't get in in the first place.

The greatest trap for would-be entrepreneurs in America is the lure of get-rich-quick schemes, easy money, something for nothing ideas that are advertised and promoted everywhere. There is within the psyche of most young people a passionate desire to short cut the process of success by finding a quick,

easy way to jump the line and get to the head of the class without paying the full price in terms of hard, hard work.

Make the decision that this is not for you. Refuse to look for or listen to any get-rich-quick schemes. Walk away. The very act of looking for something for nothing can be fatal to your future.

Once you decide on a new business remember that the primary sources of value in America today are time and knowledge. Time refers to the speed at which you can deliver your product or service to your customers. Knowledge refers to the expertise content that you put into your product or service or business that makes what you do more important and valuable to your customers than what your competitors are doing.

By starting your new business at home, you can enjoy specific financial and tax benefits. Do your homework. Find out what they are. Be perfectly correct in all of your financial dealings, with everyone in your financial life, your bankers, your suppliers, your customers and with the tax people. Remember, life is very long and everything you do financially trails behind you for years and years.

There has never been a better time for you to achieve financial independence by starting your own business than there is today. Anything that anyone else has done, and especially something that hundreds and thousands and millions of other people have done, you can do as well, and probably even better.

You can piggyback on the knowledge and experience of hundreds of thousands of entrepreneurs who have put their best ideas and insights into books, tapes and courses. You can become one of the most successful business people in America by simply doing what others have done before you.

There are no limits except the limits you place on your own imagination.

Contact us to receive FREE [business advice](#)! To learn more about Brian Tracy or Profit Builders send an email to ProfitBuilders@ymail.com.