REPORT
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TASK 5-Customer Relation Building, Revenue Streams and Resource.

Description-Student will develop the concepts for Customer Relations, Making

Money and requirements of important assests for Business Model

1.Customer Relationship Building

a) Build your network--it's your sales lifeline

Your network includes business colleagues, professional acquaintances, prospective and existing customers, partners, suppliers, contractors and association members, as well as family, friends and people you meet at school, church and in your community.

Contacts are potential customers waiting for you to connect with their needs. How do you turn networks of contacts into customers? Not by hoping they'll remember meeting you six months ago at that networking event. Networking is a long-term investment. Do it right by adding value to the relationship, and that contact you just made can really pay off. Communicate like your business's life depends on it. (Hint: And it does! Read on.)

b) Communication is a contact sport, so do it early and often.

Relationships have a short shelf life. No matter how charming, enthusiastic or persuasive you are, no one will likely remember you from a business card or a one-time meeting. One of the biggest mistakes people make is that they come home from networking events and fail to follow up. Make the connection immediately. Send a "nice to meet you" e-mail or let these new contacts know you've added them to your newsletter list and then send them the latest copy. Immediately reinforce who you are, what you do and the connection you've made.

You rarely meet people at the exact moment when they need what you offer. When they're ready, will they think of you? Only if you stay on their minds. It's easier to keep a connection warm than to warm it up again once the trail goes cold. So take the time to turn your network of connections into educated customers.

c) E-mail marketing keeps relationships strong on a shoestring budget.

Build your reputation as an expert by giving away some free insight. You have interesting things to say! An easy way to communicate is with a brief e-mail newsletter that shows prospects why they should buy from you. For just pennies per customer, you can distribute an e-mail newsletter that includes tips, advice and short items that entice consumers and leave them wanting more. E-mail marketing is a cost-effective and easy way to stay on customers' minds, build their confidence in your expertise, and retain them. And it's viral: Contacts and customers who find what you do interesting or valuable will forward your e-mail message or newsletter to other people, just like word of mouth marketing.

d) Reward loyal customers, and they'll reward you.

According to global management consulting firm Bain and Co., a 5 percent increase in retention yields profit increases of 25 to 100 percent. And on average, repeat customers spend 67 percent more than new customers. So your most profitable customers are repeat customers. Are you doing enough to encourage them to work with you again? Stay in touch, and give them something of value in exchange for their time, attention and business. It doesn't need to be too much; a coupon, notice of a special event, helpful insights and advice, or news they can use are all effective. Just remember: If you don't keep in touch with your customers, your competitors will.

e) Loyal customers are your best salespeople.

So spend the time to build your network and do the follow-up. Today there are cost effective tools, like e-mail marketing, that make this easy. You can e-mail a simple newsletter, an offer or an update message of interest to your network (make sure it's of interest to them, not just to you). Then they'll remember you and what you do and deliver value back to you with referrals. They'll hear about opportunities you'll never hear about. The only way they can say, "Wow, I met somebody who's really good at XYZ. You should give her a call," is if they remember you. Then your customers become your sales force.

2) Make Money Concept

a) Arbitrage

Arbitrage is when you hire a middleman to do your job for you. In other words, you work as an agency. For example, if you are a content writer who has been hired by a company, you would accept the work and then pay someone else to do it for you.
Although you would not generate as much money as if you were to do the work yourself, you can take on more projects, hiring freelancers to do the work while you market the services in question.

b) Writing a book.

If you have a specific area of expertise that you feel would be valuable to people, why not tell them through a book? Although you would have to invest a lot of time writing it, publicizing it to the world has been made increasingly easy, thanks to the internet and digital marketing.

Now, instead of spending money getting it printed, you can simply sell it in a digital format on websites, such as Amazon. You could also create your own website, with an optimized landing page that would organically attract potential readers.

c) Drawing and designing logos and graphics.

No matter how many design and logo-building tools appear on the market, the results are not comparable to those seen from professional designers. If you know how to use applications such as Photoshop and have a knack for all things design, then why not start offering your services from home in your spare time?

You could start doing this as a form of side income and slowly evolve by growing your customer base through websites such as Upwork, People Per Hour and Freelancer. You could also create your own business website.

d) Investing in stocks.

Investing in stocks has been a common way for smart people to earn money on the side for years. Luckily, nowadays, you don't have to figure out the stock market on your own because the internet provides you with all the information you need to know.

Aside from the fact that information is readily available at the click of just a few buttons, various educational platforms now offer trading courses whereby you can learn the basics for understanding the stock market and where to get started.

e) Blogging

Similarly to a book or e-book, a blog is a great way to share your expertise on a specific subject or industry. All you need to do is a use a blog-creating platform to get your page up and running then create awesome content. To make your blog successful, you must:

- Optimize it to generate more traffic
- Update content regularly
- Couple your content writing efforts with well-structured social media marketing

Once you have all the above put in place, there are numerous ways you can start generating an income from your blog. You could:

- Become an affiliate
- Sell advertising space
- Create a course or webinar that people can sign up to
- Start a subscription business once you have grown a significant following

f) Offering content writing services.

If you have a way with words, you can use that skill to write for businesses who need web content, articles, blog posts, and press releases. By creating a freelancer profile on some of today's online platforms, you could generate up to $50 an hour with the right clients.

In addition, you don't have to stop at just writing. Content creation comes in all shapes and sizes, and businesses worldwide are looking for various videos, infographics, and images for their websites, blogs, and social media channels.

g) Utilizing previous assets.

If you have been working on specific types of projects and have created a valuable template that has proven to be consistently bulletproof, then you can sell this. Templates go much further than simply web design, others include, but are not limited to:

- Presentation templates

- Proposal templates
- Sales and demo templates
- Infographic templates
- Resume templates
- Email templates
- Marketing templates

You can also make more money by offering people packages whereby your template comes with content specific to your clients' project. This could be anything from a marketing bundle to photography bundles and more.
Utilizing previous assets could also involve you:

- Selling your photography
- Selling notes you've taken from a book, video, film or conference
- Buying and selling websites domain names

h) Offering personal loans.

Investing in the right people can have its benefits, which is why smart people tend to make calculated decisions with their money, one of these being peer-to-peer lending. It may seem like a risky game to start playing, but lending companies have created new ways for anyone with money to become lenders, safely. Simply put, you sign up on the website, they find a borrower that matches your lending criteria, and you lend that person money (with interest).

i) Property rentals

Smart people use all the resources they have to make a spare buck and this includes their home. If you have a spare room that is more often that not empty, spruce it up, and put it on AirBnB. You could generate enough money to pay your mortgage and even some spare cash, depending on where you live.
If you have a second home that you only visit during the holidays, rent it during the time you are not using it. By treating it like a business, you could turn this into your primary form of income.

3) Resources Required

a) Find support.

Starting a new venture? You don't have to be a superhero to pull it off. No matter how self-sufficient you are in business, support will always be necessary—even essential—from time to time. "It isn't possible to create anything of scale beyond one person without first recognizing and the need and then asking for help," advises Michelle.
So where should entrepreneurs turn to find such support? Michelle recommends forums such as EO and YPO, where you can tap into global networks of entrepreneurs at various different business stages. In addition, for personalized and specific holistic support, Michelle suggests various mentors and a personal coach to help facilitate your unique talents and greatest contributions to the world, as well as ensure the rest of your life is also growing.

b) Don't be afraid to seek advice.

People rarely make it to the top without help from someone who has climbed a similar mountain. You may find you need guidance with financial modeling, opening new markets and networks, investment, branding, business troubleshooting—any number of hurdles will need to be overcome. Putting in place a strong and experienced board will mean that you can draw on their expertise. It's important to know that you do not necessarily have to wait till you can pay board members: there are often other ways their value can be reciprocated.

Likewise, finding mentors for specific contexts and areas of business is a good idea. Client experiences have emphasized that one general mentor is no longer sufficient: “Find mentors to guide you in specific contexts and areas—having just one general mentor is a dated approach that doesn’t work as well in today’s business landscape.” To maximize this asset, you will need to learn to ask for help!

c) Remember to take time out.

In a startup context, where there’s constant demand on your time and attention, mindfulness is incredibly important—and easy to forget or pass over. However, Michelle puts a strong emphasis on making the time to take time out: “Even a few minutes of reflection, awareness of your breathing, and stillness can have potent benefits for productivity and creativity.”
There are many ways to practice mindfulness: walking, meditation, running, yoga, and gratitude journaling. Even having an active love and sex life helps: “Oxytocin from connection and intimacy translates into dopamine, which not only makes us feel good but reduces the risk of stress-related illnesses.”

d) Take the money.

They say money can’t buy you happiness, but whoever said that probably wasn’t an entrepreneur trying to start and scale a business. Investment of time and dollars in your business can be key to getting early traction, finding out what works and boosting your confidence, so it’s essential that you’re always prepared to seek funding. In this context, ‘funding’ isn’t just outside investment, it can also come via revenue, debt or equity.
“Experienced entrepreneurs and investors will advise you to get funding when you can, not when you have to,” says Michelle.

e) Nurture your relationships.

Among all the work, meetings, late nights and stress, it’s still essential to maintain your close relationships. That means attending to your relationships with your co-founder, your life partner, your family and friends. “Very few people have been able to sustain success without solid partnerships in their life. When all’s said and done, impacting the world can feel meaningless without the richness and truth of shared human experience. Hold your loved ones close!”
No single item on this list will improve your chance at success. But taking a considered approach to entrepreneurship, trying new things and finding time to look after yourself will produce stronger results for your business.

4) Assests for Business Model

a)PROPRIETORSHIP

This is the simplest business type. As you don't need to fulfill any legal formalities, you can simply set up shop and start a proprietorship on your own. You may need to acquire some business-specific approvals, depending on the type of business, such as a tax identification number (TIN) if you want to manufacture products or become a dealer. However, these are fewer than what are needed if you start a company.

PROS AND CONS

While a proprietorship gives you immense flexibility to carry out your business the way you want to, it also brings with it huge responsibilities. Firstly, you will be legally responsible for anything and everything. Secondly, you will be personally responsible for any fraud or credit default that may occur in the course of business. Besides, as a proprietorship does not have a separate identity distinct from its owner, you can be personally sued for matters that go wrong in the business. the risk levels are extremely high as you are solely running the business, especially as in the case of credit default, unsatisfied creditors can ask you to clear their debt by selling your personal property. Apart from this, the income that you earn from your business will be clubbed with your personal income, so your tax liability could be very high. This is why a proprietorship is not a very tax-efficient business set-up.

2) **PARTNERSHIP**

In the degree of simplicity, this comes second. A partnership is basically a relation between two or more people who come together to run a business and share the profits earned. The organisation so formed by the partners is known as a partnership firm. The legal formalities to set it up are minimal. All you have to do is execute a partnership deed that clearly spells out the rights and duties of all partners as well as specifies the share of each partner in the profits.

A partnership deed can also list the terms and conditions under which the partners will work, the amount of capital to be contributed by each partner, how much they will earn from the business, and so on. You should make sure that the deed is signed by all partners to avoid trouble in the future. Though registration is not mandatory, it is highly recommended that you register the firm.

There are some inherent features of this kind of set-up. Firstly, a partnership firm is not a separate legal entity like a company. In the eyes of the law, the firm and its partners are one and the same. This leads to the principle of unlimited liability of the partners. So, in case of credit default, creditors can proceed against the personal property of partners as well, similar to what's possible in the case of proprietorship. Besides, if a partner wants to leave the firm and transfer his interest to a third person, he will need to get the consent of all the other partners to do so. A bigger problem is that a partnership firm will automatically dissolve in case of lunacy, bankruptcy, retirement or death of any partner. Despite this rigidity, the most positive aspect is that all partners have a right to participate in all the activities of the business and have the right to share in the management of the partnership firm. So, any partner can inspect the account books at any time.

PROS AND CONS

A partnership firm is very easy to form, which is one of its biggest plus points. Also, individual partners have greater access to capital and resources. However, there are a few drawbacks that must be considered. Firstly, there is a restriction on the number of partners. For instance, a banking business cannot have more than 10 partners, while for most other partnerships the maximum number is 20. Secondly, the absence of an absolute authority can lead to slow decision-making and ultimately hamper the business. Moreover, partners can lose their personal assets as well in case of credit default due to the unlimited liability factor. To add to this, each partner is also responsible for the actions of other partners, which could prove to be a precarious situation. Since the death, insolvency or lunacy of any partner would automatically dissolve the firm, it means that such firms have a limited lifespan.

3) COMPANY

The term company is used very casually to refer to any type of enterprise. However, a company is actually very well defined and has to conform to various rules prescribed under The Companies Act, 1956. In simple terms, a company is an association of individuals who share a common purpose and unite to achieve specific, declared goals. A company can be formed by individuals or even a corporate body, also known as promoters. There are several types of companies, such as private limited, public, non-profit making, etc, from which you could choose the one that suits you. Generally, most start-ups opt for a private limited company.

A private company is one that cannot invite deposits from the public and the transferability of its shares is restricted. Such a company is exempt from complying with certain provisions of The Companies Act since public interest is negligible in its affairs. On the other hand, a public company is one that has a minimum paid up capital of Rs 5 lakh. There is no restriction on the transferability of its shares; anybody can buy the shares or debentures of a public company, which are quoted on stock exchanges. The provisions of The Companies Act are fully applicable on these companies.

Setting up a company is a complex process and involves a lot of paperwork. To start with, you have to zero in on a name, which isn't easy as you have to first apply to the Registrar of Companies of your state to check the availability of the name. After you receive confirmation on the name, you have to start other paperwork. These include assigning a Director Identification Number to each director and applying for digital signatures for directors.

You also need to draft the memorandum of association and articles of association that list the objectives of the company. Since these documents state the fundamental provisions on which the company is incorporated as well as the by laws and regulations that govern the management of the company, it is best that you get an expert to help you draft them. You must register all documents pertaining to the formation of the company and pay the registration fee, which depends on the capital of the company. You can get the requisite information from the website of the Ministry of Corporate Affairs (mca.gov.in).

After all the formalities are completed, the registrar will issue a Certificate of Incorporation within seven days of receiving the documents. In the case of a private limited company, you may commence business from the date of incorporation. However, in case of a public company, you will have to obtain a certificate of commencement of business. Even after the company has been formed, there are many other formalities that have to be followed, such as conducting board meetings and annual general meetings.

PROS AND CONS

Despite the lengthy and time-consuming procedure for forming a company, there are several advantages that this business set-up offers. Unlike other models, a company is treated as a separate legal entity—distinct from its shareholders, directors and managers—by the law. This special feature lends the business structure its main characteristic of limited liability.

So, if there is a credit default, personal assets of directors and shareholders remain protected. Also, this feature allows a company to sue other entities.

4) FRANCHISE

Buying a franchise lets you be your own boss without the added worries regarding ideation, brand building, infrastructure and legal problems. You don't need to start from scratch since the franchiser is an already established brand that would allow you to sell its products and to operate under its brand name. Of course, this also comes with stringent rules regarding how the workplace will look, the products that will be used and the program menu that will be implemented. The business structure is such that there is little scope for innovation as franchisers would like to maintain consistency across all franchisees.

The greatest appeal of the franchise model, apart from the immense support and established brand name, is that you can find a business to suit all pockets, no matter which industry you want to set foot in. Of course, the bigger the brand, the higher is the cost of buying the franchise. This one-time investment is a collation of various charges, including the setting up of infrastructure as well as hiring of employees and their uniforms. It also includes a franchise fee and a refundable security deposit. For instance, if you take a Cocoberry franchise, you will have to invest Rs 20-30 lakh, depending on the location. This includes a deposit for Rs 5 lakh, while the royalty is in the range of 5-9% of your profit.

PROS AND CONS

A franchisee gets the opportunity to benefit from the well-known brand name and goodwill of the franchiser, which is a considerable advantage considering that these are things that are very hard for a new business to build from scratch. Besides, the franchisee also gets to benefit from tried and proven business systems that the franchiser has established. If you were to venture out on your own, it would take a considerable period of time to build your own systems. "As I lacked the practical experience of building a brand, the franchise model seemed the best possible option," says Mary. On the other hand, the model does not encourage thinking out of the box. So, it could be a little frustrating for highly enterprising people who want to try out innovations.

5) TRUST

Generally a trust is associated with estate planning or charity, but it can also be used as a business model. This is how it usually works: A company is formed to carry on the business, and then a trust is created as its majority shareholder. So, the trustees would primarily be responsible for the management of assets and business for the benefit of the company. Forming a trust is not a complicated process. All you have to do is execute a trust deed that lists the the terms and conditions on which the trust would function. Besides, the trust deed also incorporates the powers and duties of the trustees. In cases where the trust is revocable, the trust deed should also specify how and when the trust would be revoked.

PROS AND CONS

While a trust allows you to retain control over your assets, choosing the right trustees and beneficiaries can be a daunting task. "A wrong trustee or beneficiary can defeat the very purpose of setting up the trust," says Karpe. Another disadvantage of using trusts is that you cannot pull out an asset that you have put into a trust. Also, people who own several companies that are listed on the stock exchanges need to be careful as to how they use their trust Most ultra HNIs, who own such companies, are advised to create a holding company.

As they would also want to ensure that their assets are secure for the generations to come, they can create a family trust above the holding company to complete the succession planning. The family trust will hold personal as well as holding company assets. This structure can help a business family meet long-term succession, taxation and personal objectives.

6) LEAD GENERATION AND AFFILIATE MARKETING

Lead generation and affiliate marketing is the second mobile app monetization strategy that you can consider. Pat Flynn of the Smart Passive Income provides some useful description of “affiliate marketing.”:

“Affiliate marketing is a means of promoting other people’s (or business) products and earning a commission in return. If you find a product you are interested in, you can advertise it to others and receive a profit for each sale. What are the benefits of this app monetization strategy?

- You will be excited if you earn a commission
- The company will be delighted that they have a new sale from a client that they didn’t expect.
- Also, the client will be happy that they learned about a product directly from you that will meet their needs or desire.

7) SELLING DATA

The third mobile app monetization model involves the selling of extensive data to interested third parties. If your app can generate a significant amount of data on client preferences or habits, then it is possible that these data would be useful for other businesses, whose products relied on knowing people want and need.

For example, the famous free check-in-app Foursquare permits users to share their locations to the public (i.e., “check-ins”) with other parties. This data usually complies with huge databases; later Foursquare sells the data to interested third parties.

Thus, Foursquare has gathered check-in data on more than 9 billion check-ins. This is a massive and valuable amount of data! For instance, the heat map from Japan, Tokyo contains check-in data that cover a week in 2012:

8) TRANSACTION FEES

Here’s fourth mobile app monetization strategy. If your business startup operates in the form of digital marketplace or platform that allows financial transactions to occur regularly (just like Kickstarter, the international crowd-funding platform work towards creativity), the transaction fees will represent the app monetization model.

Presently, the online payments processing startup, Stripe, is estimated to be $9.2 billion. The company generates revenue by charging users reasonable fees for every completed transaction. Airbnb, Uber, ebay, Amazon, Etsy and many others also work with this app monetization model.

9) FREEMIUM

The “freemium” app revenue model helps to create revenue in the web-based services, including digital apps. This basic approach is simple to understand. All you have to do is to offer users with a functional, basic and full free version of your product or service sample.

After some time, this will persuade potential clients to become regular clients by providing them a premium, advanced, feature-rich version for a price.
Most "Software as a Service" (SaaS) based products make use of the freemium business strategy. For instance, Dropbox provides new users with free storage of 2GB with premium versions that enable users to buy extra space. Dropbox makes use of the freemium revenue model to acquire more than 500 million users globally. There are many ways in which new business can implement the unique freemium approach to app revenue. So, the three of the most common approaches include:

1. Storage-Based freemium. It is a free version of your service or product that provides some unique capacity. It can be a number of users or usage amount. This allows users to pay for the premium version to continue using the service just like Evernote and Dropbox, etc.
2. Feature-Based freemium. This is a free version of your service or product that is provided to clients. But its functionality is limited to paid users to unlock the full range of features, i.e., Skype and Buffer.
3. Time-Based freemium. The free version of your service or product is offered for a limited time frame. For example the standard "free trial" offer, such as Shopify and Audible.

.10)E-COMMERCE

e-Commerce is another app monetization model option you can consider even if your startup doesn't operate as e-shop. This is a right place for many business startups selling promotional materials (like t-shirts) on their websites.
Apart from this, it is possible to combine m-commerce with freemium-based app monetization model. The way to do it is to sell services or products directly to what you offer.
For instance, the Evernote app takes note, organizes and archives data, up till 2016 was combining the freemium app monetization model with extra e-commerce revenue in the form of product sales through the Evernote Market. Sadly, Evernote was unable to generate much profit via its market. Due to this, the company doesn't continue with its e-commerce operations in 2016.

11) VIRTUAL GOODS

One of the most popular mobile app monetization strategies for game apps is to create virtual goods. The world market for virtual goods ranging from avatars, stickers, weapons and unique levels is estimated to worth approximately $15B. Practically, any electronic good can provide monetizable virtual good including video games. Even more, they are the usual type of virtual goods. The super popular Pokémon Go provides users the opportunity to purchase different types of virtual goods such as "PokéCoins."

12) SUBSCRIPTION/SOFTWARE-AS-A-SERVICE (SAAS)

Software-as-a-Service is a subscription-based app monetization model that offers a good option for startups. As long as their services are well-matched to the subscription plan. Subscription permits your company to lure users into long-term payment approach to increase the lifetime value of clients.
Also, the recurring revenues involve a subscription-based approach that represents a secured and predictable earnings stream on which you can rely. So, the two most common options among the different approaches to Saas-based revenue include:

1. PAYG (Pay as you go) plan. You can charge your users based on each usage rate. Previously, this approach was the common among mobile phone plans. Many companies like Twilio and Amazon Web Services use this model to provide their users flexible pricing plans today. The downside to the PAYG model is intrinsically

based on the number of services a client uses; it is usually difficult to maintain highly anticipated revenues (this can lead to uncertainty into your business).

2. Tiered pricing. You can split your services into different levels according to the usage amounts and features that the clients require more and expand. Tiered pricing is the most popular model among Software-as-a-Service companies.

There is one huge benefit of Subscription app monetization model. Users see that they can fulfill their necessities, either now or in the future, even if their needs change.

TASK 6-Partners, Activities and Costs

Description-Overview on knowing the business partners/suppliers, important activities and all types of costs for business idea

1) Knowing the Partners

a) Trust your gut and get it on paper.

All of my success has come from successful partnerships: co-authoring the *Chicken Soup for the Soul* series with Mark Victor Hansen; *The Success Principles* with Janet Switzer; and managing my companies with Patty Aubery and Russ Kamalski. My top two criteria for partnering are: One, I must like them and trust the person. Two, they have to bring something to the table that I cannot myself provide. Liking them and trusting them are subjective things, but I've learned to trust my gut. If anything doesn't feel right, I don't proceed.

b) Know the partner for at least a year.

Before entering a business partnership, my top criterion is to ideally know someone for at least one year. (Some psychology and scientific studies say that people truly show who they are after one year.)

It's like dating—you have to date before you get married. A business partnership is a marriage. So you need some short-term "dating projects" in business. Become good at reading people and back it up with references. If projects don't work out, you move on. It's like choosing not to see someone after three dates: you haven't made a long-term commitment and will be OK.

c) Use math, but don't forget the fun.

Partnerships can be wonderful, but also can become your worst nightmare. Use math to decide on the right partners. That's right, math. If one plus one equals two, that's not the right partnership for you. One plus one must equal *three*! A partnership must be more than the sum of its parts; otherwise, you'd just as well outsource different parts of your business.

You should also partner with someone who is better than you at certain things. Many times I've seen people's egos prevent them from building great partnerships. They felt threatened by their partner's skill and couldn't get past that to achieve a grander vision.

d) X-ray their brain.

The first thing I do is ask a potential partner to take the HEXACO and dark triad personality tests, which are like x-rays into their brain. It's important to know the personality type that you're dealing with because a business partnership is like a marriage.

Secondly, I look for people with different, complementary skills to my own but who share the same vision. It's not enough just to like someone, which is how I used to think. If you're an extrovert, look for introverts. If you're the face of the company, maybe you need a nitty-gritty operations person behind the scenes. Likewise, if you're that operations person, perhaps you need someone more extroverted.

e) Get on the same page upfront.

I form partnerships that are win-win, long-term, and relationship-based. Our contract simply becomes a way to document our understanding and an insurance policy if leadership changes. To get there, we sit down to share and clarify two things:

One, core values. We check for alignment and allow both sides to develop trust by understanding the other's key drivers. These can be relied upon when things get difficult and the relationship is stressed.

f) Don't be afraid to walk away.

Consider a personality test such as the Myers-Briggs Type Indicator. This will develop self-awareness of your working preferences and provide a better understanding of how your partner operates. But, there's a dichotomy—ideally, you want to balance each other out, but you don't want to drive each other crazy from being too different. If it resonates with you, maybe look into an astrology compatibility report for yourself and potential partners—it's simply more due diligence.

Ensure that your end goals are aligned. For example, do you want to operate as a passive lifestyle business or build it to sell for huge multiple figures? How many hours a week do you want to dedicate to the business?

2) Knowing the Suppliers

Suppliers are essential to any retail business. Depending on your inventory selection, you may need a few or dozens of suppliers. Sometimes suppliers will contact you through their sales representatives, but more often, particularly when you are starting out, you will need to locate them yourself -- either at trade shows, wholesale showrooms and conventions, or through buyers' directories, industry contacts, the business-to-business Yellow Pages and trade journals, or websites.

Suppliers can be divided into four general categories.

1. **Manufacturers.** Most retailers will buy through independent representatives or company salespeople who handle the wares of different companies. Prices from these sources are usually lowest, unless the retailer's location makes shipping freight expensive.

2. **Distributors.** Also known as wholesalers, brokers or jobbers, distributors buy in quantity from several manufacturers and warehouse the goods for sale to retailers. Although their prices are higher than a manufacturer's, they can supply retailers with small orders from a variety of manufacturers. (Some manufacturers refuse to fill small orders.) A lower freight bill and quick delivery time from a nearby distributor often compensate for the higher per-item cost.

3. **Independent craftspeople.** Exclusive distribution of unique creations is frequently offered by independent craftspeople, who sell through reps or at trade shows.

4. **Import sources.** Many retailers buy foreign goods from a domestic importer, who operates much like a domestic wholesaler. Or, depending on your familiarity with overseas sources, you may want to travel abroad to buy goods.

3) Important Activities

a) Planning the Next Product

New products are where the money is. The more and better products you can develop, the more and better sales you'll get.

Let's assume your business is up and running. You already have a customer base. To best serve these customers, and to best build the business, create another product. They will buy it. Your business will grow.

In order to create the next product, you have to plan the next product.

b) Brainstorming the Next Business

I encourage every entrepreneur to stay loyal to every business that she starts. But there's always something more--another adventure, another opportunity, another stone waiting to be turned.

What's it going to be? If you spend all your time extinguishing flames in your present business, you'll never be able to plan the next business.

Don't limit your potential. Don't prevent great things from happening. Free yourself to brainstorm that next business, and watch what happens.

c) Mentoring Someone

If you've been mentored by someone else, you recognize the incredible power of entrepreneurial mentorship.

There are plenty of other people who respect your ability and would like to learn from you. The person whom you mentor may be an employee, a co-founder, or a friend. Wherever you find these people, spend time with them.

Mentoring is always a two-way street. You have things you can learn as well, and it always pays to have someone with whom you can think aloud.

d) Strategizing the Next Marketing Move

Not every entrepreneur is a born marketer, but every entrepreneur has marketing ideas.

Some of the world's greatest entrepreneurs are not skilled at business, technology, or product. They are skilled at marketing.

Steve Jobs, for example, was a genius in virtually every area of entrepreneurship. But when you analyze his life and work, you discover that he was one heck of a marketer.

He introduced the age of the hyped up keynote, the nail-biting the suspense of the next big thing, and TV ads that made history.

If you can innovate your marketing--spending time brainstorming and dreaming--you can experience this same level of success.

e) Studying Human Behavior

I'm convinced that every entrepreneur should be a student of human behavior.

The time that you spend studying people--psychology, motivation, behavior, development, cognition--is *never* time wasted. For one, you'll understand yourself better. And for another, you'll understand people better.

When you understand how people think, you begin to understand what they want and how to give it to them. You understand how they make choices, and how to help them make the right choices. You understand how they face conflict, and how to mediate that conflict. You understand how they face confusion, and how to remove that confusion.

The better you understand people, the better entrepreneur you become.

f) Networking

I have a confession. I don't like the word "networking." The idea of "networking" as popularly conceived, seems smarmy and artificial.

But we're stuck with the word. And we still need to network.
To paraphrase John Donne, "no entrepreneur is an island." You can probably look at each business that you've started (or want to start), and identify someone--a key connection--that helped to make it successful.
You'll make connections like these in the most unlikely places, so it pays to be social. "Networking events" aren't the only times that you should be networking.

g) Reading a Book

So many books; so little time!
There is some good news and some bad news about reading books. The good news is that there are some really smart and talented authors who are writing powerful and explosive books.
The bad news is that we're so busy that we don't have time to read them all.
Thankfully, we can read some of them. Reading one book a year is better than none. A book has the power to change your thinking, transform your business, and initiate the next business.
If you find that you have absolutely *no time* to read books, try audio books. You can probably find a few minutes during a commute or daily routine to listen to a few minutes of an audiobook.

h) Taking Time Off

The last "activity" isn't much of an activity, and surely not much of a "business activity." Ah, but it's no less important.
Take time off. Just stop working. Turn off your phone, walk out the door, and don't come back for a day, a week, a month. Do it.
Entrepreneurs need to unplug, unwind, and do something different.
When you take time off, you can do some of the other things on this list. One of the unexpected benefits of taking time off is that we sometimes experience our greatest moments of insight and creativity.

i) Final Thoughts

You've got a ton to do, and you just spent ten minutes reading an article that is asking you to do even more.

4) Overall Cost

1. Expensive Loans

Most entrepreneurs need some sort of loan to finance a startup. This often comes in the form of a small business loan from a bank or other traditional lender. And if you don’t have any business experience or an established company with the right tax and revenue documents, that loan is most likely going to be based on your own personal situation. Thus, if you have a bad credit score, you’re going to get some pretty bad terms on the loan (if you get approved at all).
Unfortunately, this often starts a cycle. You get bad terms because of your bad credit. Which in turn means you spend thousands more in interest payments over the course of the loan. And because you’re spending more in interest, you’re less likely to be able to make payments on time. This drags your credit score down further, which costs you even more in the future.
You need to be aware of the hidden cost that is loan interest. Fixing credit on the front end will save you a lot of money in the years to come.

2. **Employee Benefits and Perks**

It's not enough to calculate what you'll pay an employee in terms of salary. If you don't account for taxes, benefits, and perks, you'll quickly find yourself in a hole.
According to research from Joseph G. Hadzima Jr. of the MIT Sloan School of Management, the overall cost can run from 1.25 to 1.4 times the basic pay. The increase is due to things like employment taxes, workers' compensation, and fringe benefits (healthcare, retirement, vacation, etc.).
Using Hadzima's multiplier factor, a $50,000 salary could cost as much as $70,000. And when you account for multiple employees, the disparity in what you actually pay versus what you expected to pay could be enough to run your business into the ground.

3. **Shrinkage**

For companies that sell physical products, there's always the risk of shrinkage. Whether purposeful or unintentional, shrinkage actually costs retailers an estimated $45 billion per year in the U.S. alone.
Shrinkage can result from any number of causes and isn't just reserved for retailers. Examples include shoplifting, employee theft, paperwork errors, and vendor fraud. Then, there are the roughly 6 percent of losses that can't be accounted for under any of these categories. They're simply mysteries!
If you're aware that shrinkage is an issue, you can be proactive and prevent many of the factors that cause it. It's nearly impossible to avoid shrinkage altogether, but you should be able to mitigate it enough that it doesn't negatively impact your company's bottom line.

4. **Insurance**

When you first start out, you might not need a lot of insurance. However, as time goes on, the need for various insurance policies increases. These include things like general small business insurance, liability insurance, errors and omissions insurance, workers' compensation insurance, property insurance, and cyber insurance.
How much you spend on a given policy is based on numerous factors, including the type of business, size of the business, industry, location, revenue, previous issues, present risk factors, and number of employees. You can easily spend $1,000 or more per policy per year. For a business that's already operating on a tight budget, these hidden costs can make it difficult to stay on track.

5. **Legal Fees**

You probably don't go into business thinking you're going to generate a bunch of legal fees. That doesn't mean they don't exist. In some cases, legal fees might be the number one hidden cost.
"Small businesses are the target of many frivolous lawsuits because trial lawyers understand that a small business owner is more likely than a large corporation to settle a case rather than litigate," NFIB explains. "Often small business settlements are less than $5,000, but even $1,000 settlements are significant for businesses."

And even if you settle a suit, you can expect to see insurance premiums rise as a result. This drives up costs even further.

6. Taxes

Coming from a career where you were an employee, you probably didn't think much about taxes. Sure, you paid your fair share of taxes, but it was largely automated by the payroll department. Your company probably covered part of your bill. Unfortunately, things are different as a self-employed business owner.
Even if you aren't generating a ton of money for yourself, you're still going to owe Uncle Sam something. And because you're on your own, self-employment tax becomes a real thing. Be sure you take this into account.

7. Fees and Permits

Depending on what industry you operate in and what products you sell, you might need various fees and permits to be considered legal. Many entrepreneurs don't realize this and find themselves spending thousands on something they didn't know about.
The classic example is the alcohol permit for businesses that sell and/or serve alcohol. When Mark Aselstine and Matt Krause started a wine club company in California, they found the process of getting permits to be very expensive. Between all of the permits, Aselstine estimates that he and his business partner spent close to $15,000 in their first year of business.

8. Administrative Costs

Finally, administrative costs will sneak up on you if you aren't prepared. This includes all of the things you previously took for granted when you worked for someone else

- Utilities
- Computers
- Phones
- Printers
- Filing cabinets
- Paper clips
- Office cleaning supplies
- Software

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