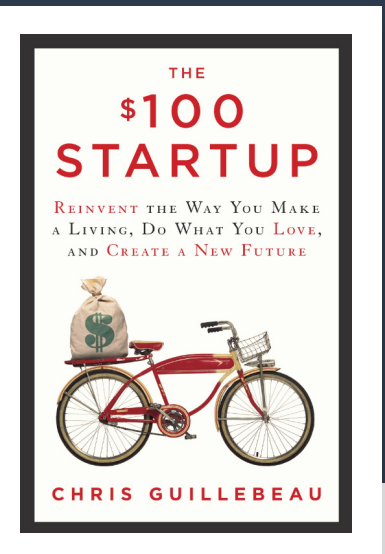


# The \$100 Startup

*Reinvent the Way You Make a Living,  
Do What You Love, and Create a New Future*



## Preface:

Chris Guillebeau is an entrepreneur who has never held a traditional job. His micro-businesses may not be what most people consider “normal,” but they’ve still kept him financially stable and given him the freedom to travel and work where and when he wants. In this book, Guillebeau breaks down strategies to help you follow the same path.

Fifty case studies—and data from over 1,000 more—are used to help support Guillebeau's points. Each study is focused around an individual who operates a micro-business, much like Guillebeau.

The cases chosen all met four of the six criteria below:

- The creators went after a dream or passion and turned it into a business.
- The business had a very low start-up cost.
- The individuals made over \$50,000 a year from their job.
- No special skills were required to make the business.
- Full financial disclosure was provided.
- The business has fewer than five employees. Guillebeau warns that this isn't a way to avoid work altogether; instead, it's a way to work smarter, and create a career out of something you love.

## Chapter One: Renaissance

**Case Story of Note:** The chapter opens with a particularly striking story about Michael Hanna, who was let go from his office job of twenty-five years. Left afloat and struggling to find another job, his friend suggested selling some extra mattresses he didn't need. As crazy as it sounded, the idea paid off; Michael created a micro-business as a mattress salesman, even delivering mattresses by bicycle. Just goes to show that sometimes the biggest setbacks are actually our biggest opportunities.

Traditionally, business start-ups come in two forms:

1. **Model One:** Someone goes to the bank for a loan. This allows them to start a business or work in someone else's.
2. **Model Two:** Someone gets investments from others, allowing them to start work on a project.

Guillebeau focuses on neither; instead, he chooses to look at micro-businesses, or businesses that are much smaller than the norm. These are typically independently owned and require little financial support to start. In regards to these unusual business owners, there are two themes that pattern their lives and this book:

- **Freedom:** In this case, the freedom to work where and how you want. This is usually what motivates individuals to create a microbusiness.
- **Value:** For the cases presented, this refers to helping others in some fashion. This is, ultimately, what helps you achieve the “freedom” above.

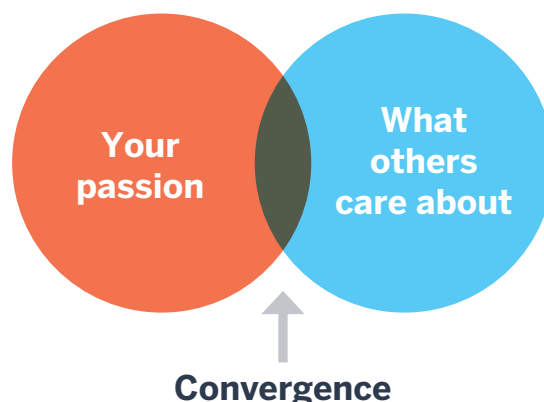
If this sounds like something you're interested in, then there are three things you'll need to get started:

- A product or service
- People interested in the product or service
- A way to receive money

“Good news: freedom is possible. More good news: Freedom isn't something to be envisioned in the vaguely distant future—the future is now.”

If you want to be successful, there are three lessons you'll first need to learn:

- Combine what you love with something people are looking for. **Convergence** is the point where your hobby transforms into something others want to buy. For example, traveling to other places would be a hobby, but customers wouldn't pay you for it; creating a travel guide based on those places would draw more attention. (A diagram can be seen below.)



- The skills you use for one job can be applied in different ways. **Skill Transformation** is taking whatever skills you have and combining them to create something useful. For example, a good actor could use the skills they learned for theater--such as projecting their voice, inflection, and speaking in front of a crowd--as a spokesperson.
- Combining passion or skill with usefulness creates a higher chance of success. **The Magic Formula** takes the skills you have, applies them to your hobbies, and finds the place where they meet people's needs to create a business. For example, someone with computer programming knowledge and a passion for character design could probably create a successful video game.

## Chapter Two: Give Them the Fish

### *Generating Ideas*

Ideas can come from all over the place. As a way to get started, here are a couple suggestions:

"Freedom and value have a direct relationship: You can pursue freedom for yourself while providing value for others."

- Create what you'd like to buy—especially if it isn't already in the marketplace. Chances are, there are others with interests similar to yours, and they'd be interested in paying for something that meets this need.
- Create something based around new technology—or, at least, tangentially related. You can capitalize on trends, or on nostalgia for the "good old days" before those trends started.
- Think outside the box. You can transform a seemingly-odd idea into something really successful. (For example, the case study noted in chapter one took advantage of an old car dealership to create a warehouse.)
- Branch out from your base project. Have you got ideas for other products your work could spawn? Think about ways you can grow from your already-existing project.

### *Give Your Customers Something Valuable*

Your customers don't want to be shown all the ins and outs of your product or service; they want what you're selling, in the simplest form possible. Make it easy for them, and give them what they want. This directly relates to value—essentially, helping people. If your customers aren't biting, ask:

- Is there something else I could give them that they want?
- Is there something they don't want that I can take away?

## Features vs. Benefits

- Features are descriptive. They talk about the product's uses.
- Benefits are emotional. They talk about how the person will feel using the product.

Adding value usually focuses on the product's benefits. The chart belows uses several case studies from the chapter to highlight the difference between features and benefits.

	<b>Feature</b> (Descriptive)	<b>Benefit</b> (Emotional)
<i>V6 RANCH</i>	Horse rides and campfires	Stay with us and become a cowboy (or a cowgirl)
<i>HIGHER GROUND YOGA</i>	Private yoga classes for busy women	Relax and prepare for the day through a personalized, guided practice
<i>MEGAN HUNT</i>	Wedding dresses and accessories	Feel special on your big day
<i>STEAMY KITCHEN</i>	Recipes and food stories	Spend quality time with your family
<i>ANONYMOUS RESTAURANT</i>	Food and drinks	Relax and let us take care of you at the end of a busy week

If you need some help adding value, here are a few good tips:

1. Go above and beyond. Hear what they want, and then dig deeper to see if they'd also like something else.
2. Don't just make their work easier. Do something that helps them look "like a hero" in front of their boss or coworkers.
3. Make sure you focus on what people are actually interested in, not just what you think they're interested in.

## Pro Tip: Getting Started

If you're stuck on where to start, here are some basic steps to get you going:

- Figure out what you're going to sell. Are you creating custom handbags? Vacations for other people? Choose a passion and see how it can meet others' needs.
- Create a website. Use this as a "base of operations;" include whatever information your customers will need.

- Create an offer—something that makes your product hard to resist.
- Make sure you have a way for customers to pay you. (For example, a PayPal account.)
- Make your offer known. Send out emails, tell your friends and family, and make posts on social media.
- Rinse and repeat.

## Chapter Three: Follow Your Passion...Maybe

### *Only Some Passions can Become a Business*

A successful micro-business combines passion with something people are willing to pay for. Many times, this means the passion itself isn't what creates income; instead, it's something tangentially related, such as helping others pursue your hobby. You may experience many false starts along the way. If and when you do, re-examine your audience and their interests to see if the two are lining up.

"Only when passion merges with a skill that other people value can you truly follow your passion to the bank."

### *Cautionary notes:*

- Turning a hobby into a business isn't for everyone.
- Passion isn't everything; you still have to have a useful skill to make a thriving business.

The book provides a breakdown of several individuals who have successfully turned their passion into a career:

	Passion	Skill	Problem	Opportunity
Gary	International travel	Books high-value award tickets	Lack of industry transparency, perceived difficulty	Gary books award tickets for clients who lack the time and knowledge
Benny	Language learning	Learns languages and has a prove teaching system	People want to learn languages but have failed through traditional methods	Benny breaks down the barriers and provides a solution
Megan	Handmade dresses and wedding accessories	Feel special on your big day	Brides want something special and handcrafted	Megan supports a once-in-a-lifetime (one hopes) occassion
Mignon	Clear writting and use of the English language	Communicates grammar "rules" in a fun way	Perception that studying grammar is difficult or boring	Mignon educates her audience through stories and examples

## *Stop for a Reality Check*

Let's pause for a moment. Are you sure you want to turn your hobby into a career? Ask these questions to make sure it's a good fit:

Can you spend twenty hours—or more—a week working on it?

- Can you teach others about your passion? Do you enjoy teaching them?
- Do you like everything about your hobby, or only some parts?
- Are you willing to do a lot of administrative work related to your hobby?
- Have others already come to you for advice?
- Is there an audience? (i.e., are there enough people interested in paying you for your hobby?)
- Are there other businesses in your field, but not ones doing things exactly as you would?


If you can't answer yes to these questions, it may be time to go back to the drawing board.

## **Chapter Four: The Rise of the Roaming Entrepreneur**

The roaming entrepreneur represents freedom—the ability to work from anywhere, anytime.

### *A Word of Caution*

If you forget this is a business, it could easily fail. You have to think about the work as much as you think about the travel, and if you prefer to keep your vacation and job separate, then this might not be for you.



*"The business is structured around my life, not the other way around."*

### *Fun in the Sun...Sometimes*

Does this business model sound great to you? Here are some things to know beforehand:

- You probably don't want to try and start a business while on the road. Make sure your business is already going strong before heading out.
- You can stay for a maximum of 90 days in a country (provided you have a US or Canadian passport). If you want to stay longer, travel over the border for a brief period, then return (otherwise known as a "visa run").
- Use tools such as Dropbox or Google Docs to access your information from anywhere.
- Change your password often—and make sure you have a strong one.

- Latin America and Southeast Asia are highly recommended starting places.
- Strike a balance between your job and “vacation time.”
- There are several websites you should check out before leaving:
  - › VisaHQ.com or VisaHQ.ca—Both can teach you about what visas are required for what countries.
  - › AirBnB.com and CouchSurfing.org—Sites that allow you to stay with available host families, which is cheaper than staying at a hotel.
  - › BootsnAll.com and MeetPlanGo.com—Both give breakdowns on how “tech friendly” an individual country is.

## *Case Study of Note: Information Publishing*

When you write, you can take your work with you anywhere. That’s why self-publishing books that help others learn something is a great fit for a “traveling business.” If anyone doubts that you can make significant money in this profession, Brett Kelly would prove them wrong. Kelly quit his day job to self-publish a user manual for Evernote that shows tips and tricks others might not find. The book garners around \$300 per day and over \$120,000 per year. The best part is that since Kelly is self-published, he retains most of the book’s money, rather than getting royalties from a publisher.

If this sounds like something you’d like, the book includes several steps to get you started.

### **Become Your Own Publisher**

Follow these steps to enter the information publishing business. Each step can be made more complicated, but they all relate to this basic outline.

- 1.** Find a topic that people will pay to learn about. It helps if you are an expert in the topic, but if not, that’s what research is for.
- 2.** Capture the information in one of three ways:
  - a. Write it down.
  - b. Record audio or video.
  - c. Produce some combination of a and b.
- 3.** Combine your materials into a product: an e-book or digital package that can be downloaded by buyers.
- 4.** Create an offer. What exactly are you selling, and why should people take action on it? Learn more about offers in Chapter 7.
- 5.** Decide on a fair, value-based price for your offer. For pricing guidelines, see Chapters 10 and 11.
- 6.** Find a way to get paid. PayPal.com is the most ubiquitous method, with the ability to accept payment from users in more than 180 countries. Other options are available if you want more flexibility.\*
- 7.** Publish the offer and get the word out. For an overview of hustling, see Chapter 9.
- 8.** Cash in and head to the beach! (This step may require further effort.)

## Chapter Five: The New Demographic

### *Who's Your Audience?*

With the advent of the internet, times have changed; demographics can now be broken down into two sets:

- Traditional, which includes:
  - › Age
  - › Location
  - › Sex/Gender
  - › Race/Ethnicity
  - › Income
- New, which includes:
  - › Interests
  - › Passions
  - › Skills
  - › Beliefs
  - › Values



"I realized that my target market had nothing to do with demographics in a traditional sense."

Focusing on the new demographics can be a great way to set yourself apart.

### *Ways to Target Demographics*

#### 1. Find something popular

- Anything controversial—something that has a lot of people talking about it, both good and bad—can be a good business opportunity.
- Trends may be interesting, but implementing them isn't always easy. Taking the time to explore the confusing elements and breaking them down into easy-to-understand steps or guidelines is a great way to attract attention.

#### 2. Sell what people buy

- Persuasion vs. Innovation
  - › Persuasion involves trying to convince buyers they need something, and should be avoided.
  - › Innovation involves asking customers what they want, and then implementing it. This tends to be the winning strategy.
- Surveys can help you figure out what large groups of people are interested in. Keep them short—less than 10 questions. Fewer questions means more, but less detailed, responses.



- Majority isn't everything; you still need to be passionate about your own project.

### *When You Have Too Many Ideas*

1. Write them all down, just in case.
2. Evaluate them, such as creating a “possibilities” list.

A great way to evaluate can be through a “decision-making matrix,” pictured below:

List each project, put a value between 1 and 5 in each category, then total them to the side. The highest totals are the best projects. This also lets you see the strengths and weaknesses of each pursuit.

	Impact	Effort	Profitability	Vision	Sum
Idea 1					
Idea 2					
Idea 3					
Idea 4					
Idea 5					

### *The Customer Is Always Right*

Most people who've been in business for any length of time realize this statement is rarely true, and it's doubly so for small businesses. The author relates a story of his own experience: At the launch of a new product, he received a flood of support, except for one individual, who was unsatisfied with the product and requested a refund. The man told Guillebeau to call him about why he was so unsatisfied; Guillebeau, looking at the many positive comments, politely declined. Not every product is for everyone; so long as you're getting more positive reviews than negative, you're likely doing pretty well. Activating customers – Use targeted emails that gradually build up the value of your product.

## **Chapter Six: The One-Page Business Plan**

### *Don't Wait. Act.*

You don't always know an idea will work; start as soon as you can and avoid losing much on a bad idea. You'll want to:

1. Keep costs low. This means that, if a project fails, you'll lose less, and can start a new project that much faster.
2. Get the first sale as soon as possible. The first sale is usually the hardest because, at this point, you don't have any proof your project will succeed. Your first customer is both a good motivator and a way to build more sales.
3. Market before manufacturing. Advertise your product to see if there's an audience before you make it. This way, if no one's interested, you haven't wasted your time or money.
4. Respond to initial results. See what made you successful first, and figure out how you can replicate it.

"There's nothing wrong with planning, but you can spend a lifetime making a plan that never turns into action."

Below is a plan to help get you started as soon as possible:

### The One-Page Business Plan

Follow these steps to enter the information publishing business.  
Each step can be made  
Answer each question with one or two short sentences.

#### OVERVIEW

What will you sell? \_\_\_\_\_

Who will buy it? \_\_\_\_\_

How will your business idea help people? \_\_\_\_\_

#### KA-CHING

What will you charge? \_\_\_\_\_

How will you get paid? \_\_\_\_\_

How else will you make money from this project? \_\_\_\_\_

#### HUSTLING

How will customers learn about your business? \_\_\_\_\_

How can you encourage referrals? \_\_\_\_\_

#### SUCCESS

The project will be successful when it achieves these metrics:

Number of customers \_\_\_\_\_ or

Annual net income \_\_\_\_\_

(or other metric)

#### OBSTACLES / CHALLENGES / OPEN QUESTIONS

Specific concern or question #1 \_\_\_\_\_

Proposed solution to concern #1 \_\_\_\_\_

Specific concern or question #2 \_\_\_\_\_

Proposed solution to concern #2 \_\_\_\_\_

Specific concern or question #3 \_\_\_\_\_

Proposed solution to concern #3 \_\_\_\_\_

Deadline: I will launch this project into the world no later than \_\_\_\_.

### *Is your idea viable? Here are seven steps to check:*

- Both you and your audience have to care about the problem you're going to solve.
- You want to make sure you have a decent market.
- Put your focus on issues already known to be in the market.
- Soothing some sort of pain—such as eliminating stress—is usually more appealing than satisfying a want.
- Always think about how to solve a problem, and make your solutions unique.
- Ask other's opinions—just make sure they're the market you're interested in.
- Ask for beta testers.

### *Create a Mission Statement*

Once you've got a product or service, you'll want to craft your mission statement. Keep it short, sweet, and to-the-point; your customers should get a snapshot of your business without feeling overwhelmed. Here's a basic breakdown of the structure:

WE HELP [CUSTOMERS] DO/ACHIEVE/ETC. [PRIMARY BENEFIT].

This helps you avoid sounding too formal and appeals to the emotions that will drive a sale, rather than just keeping it surface-level.

## **Chapter Seven: An Offer You Can't Refuse**

You have your idea, and you're jumping in. You're giving people what they want, and you've made sure you're marketing to the right audience. Now it's time to craft your pitch—essentially, an offer that's too good to pass up.

These are the basic steps on how to do so:

1. What we want and what we say we want aren't always the same—a good offer has to be what people actually want.
2. Don't pressure people too hard into buying your product; instead, invite them to experience it.
3. Create a sense of urgency.

The book includes a basic outline to create a great pitch:

### **Offer Construction Project**

Magic Formula: The right audience,  
The right promise, The right time =  
OFFER YOU CAN'T REFUSE

#### **BASICS**

What are you selling? \_\_\_\_\_  
How much does it cost? \_\_\_\_\_  
Who will take immediate action on this offer? \_\_\_\_\_

#### **BENEFITS**

The primary benefit is \_\_\_\_\_  
An important secondary benefit is \_\_\_\_\_

#### **OBJECTIONS**

What are the main objections to the offer?

- 1.
- 2.
- 3.

How will you counter these objections?

- 1.
- 2.
- 3.

#### **TIMELINESS**

Why should someone buy this now?  
What can I add to make this offer even more compelling?

## *Unusual Value*

The author relates a story about locking his keys in his trunk on the way to an event. He called a locksmith, who opened the trunk quickly. Guillebeau was unhappy about paying \$50 for the effort, even though the man had done his job well and saved him from being late. He realized later that he'd actually wanted the locksmith to struggle getting his trunk open, and from this, realized something very important about value: it isn't always rational.

## The Compelling Offer Tool Kit

“Like the orange slice at mile 18 of the marathon, an offer you can’t refuse comes along at just the right time.”

1. A FAQ
  - a. A way to address potential concerns before they appear. For example, a customer might ask, “How do I know this really works?” When creating the FAQ, you’d address this question before customers have a chance to ask it (“This works because...”).
  - b. You’ll want to think about general questions customers might have, and address as many as you can.
  - c. Trust and authority are important to sooth the fears behind these questions.
  - d. Don’t be defensive.
2. The Incredible Guarantee
  - a. A way to assuage customer’s concerns about a purchase.
  - b. Create a satisfaction guarantee—just don’t make this complicated, confusing, or boring.
  - c. Offering NO guarantee can be just as valuable—make a big deal out of it.
  - d. Either have an incredible guarantee or none at all—a poor guarantee can drive away customers.
3. Over-deliver

## Chapter Eight: Launch!

A **launch** exists to create excitement for your product or service.

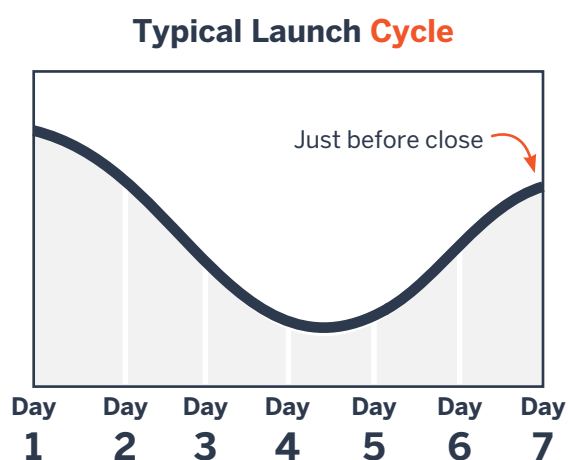
### Launch Structure:

1. Just a simple heads-up, letting customers know something exciting is coming.
2. Tell customers why this matters and why they should care.
3. Give some details about the launch itself, and what people will want to know beforehand.
4. Give last minute reminders and details that help build excitement into a decision.

“Whether a Hollywood movie or the debut of your new sock-knitting class, launches are built primarily through a series of regular communications with prospects and existing customers.”

5. The big day. Send a link, or other way to purchase, and encourage people to take action.
6. Address and correct issues, give updates on how things are going, and share stories of happy customers.
7. Make one final push towards the end of your launch.
8. End the launch, thank everyone, and give a head's up on what's next.

**Pro Tip:** Don't lessen your efforts after the initial launch; with excitement still going strong, you can easily increase sales. The diagram below gives a general idea of the launch cycle:



To try and avoid the lull (and increase the rise towards the end), keep working throughout the launch to make the most of it.

### *Show Your Character*

Keep your word with launches! When it begins and ends, it begins and ends; don't extend or repeat launch rewards. Additionally, admitting to problems--both with a launch or with your project--and fixing them will help rather than hinder you.

### *Launch Messages*

When creating messages for your launch, you'll want to keep several things in mind:

1. Tell a good story.
2. Make sure people can "relate" to the story—can they see this product or service being useful for them?

3. Make sure there's a sense of urgency.

A good launch will help spread your influence and strengthen partnerships, not just increase sales.

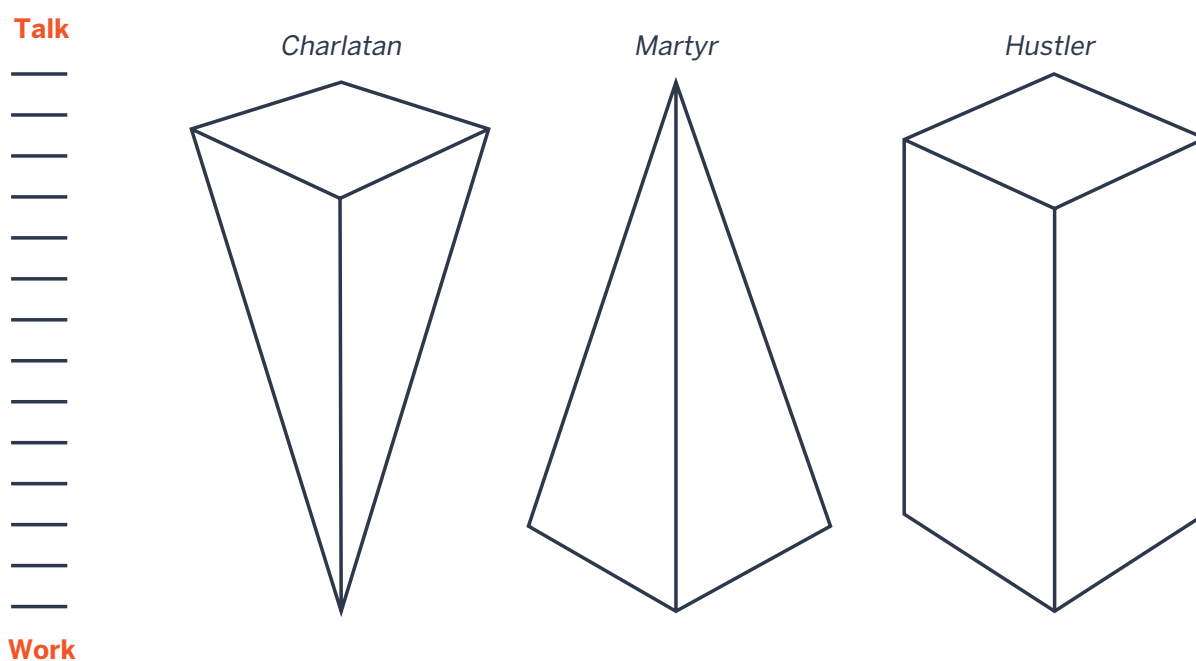
### *The Importance of a Story*

If you want to create a stronger launch, one of the best ideas is to create a narrative. This happened, mostly by accident, to Guillebeau himself. A train heading to his destination—named the Empire Builder—happened to share a name with the product he was preparing to launch (the Empire Builder Kit). Seeing the opportunity, he decided to launch his product when he boarded the train, and end the launch when he got off. It worked; even those who didn't buy the product enjoyed the experience.

## **Chapter Nine: Hustling: The Gentle Art of Self-Promotion**

There are a few ways people tend to go about promoting themselves:


- The charlatan: all talk and no action
- The martyr: has a lot of good work, but nobody knows about them
- The hustler: someone who promotes themselves and has the product or skills to back it up



The best strategy is to be the last one—the hustler. There are several ways to go about this:

1. Ask everyone you know for help.
2. Practice strategic giving.
3. Talk, share information, and support others' work.
4. Have a contest or giveaway.

While advertisements can be useful, a lot of microbusinesses do really well with just word-of-mouth, so don't spend the money if you don't have to.



“Being willing to promote in an authentic, non-sleazy manner is a core attribute of micro-business success.”

### *The One-Page Promotion Plan*

Here are some tips and tricks to put hustling into practice:

- Post to social media regularly.
- Keep an eye on one or two metrics regarding your business.
- Help support your colleagues' work and ask for help in turn.
- Make sure you're communicating with prospects and already-existing customers.
- Double-check on customers and make sure they're doing well.
- Prepare for major events, such as a contest, giveaway, or launch.
- Look for opportunities to create new projects.
- Actively build your business, rather than just reacting to problems.

## **Chapter Ten: Show Me the Money**

People tend to make two big mistakes in the beginning:

1. They think too much about getting money to start the project.
2. They think too little about where the business will *make* money.

### *A Business's Purpose*

A business, however much you help others, is still a business, and therefore primarily focused on making money; you want to spend as little as possible while making as much as possible.



There are only two good reasons to spend money:

1. Building your brand.
2. Boosting sales.

“Putting the focus on income and cash flow—measuring everything else against those standards—ensures that a business remains healthy.”

*There are also two important, money-related principles:*

1. Businesses should always focus on making money.
2. Borrowing or investing a lot of money to start a business is optional.

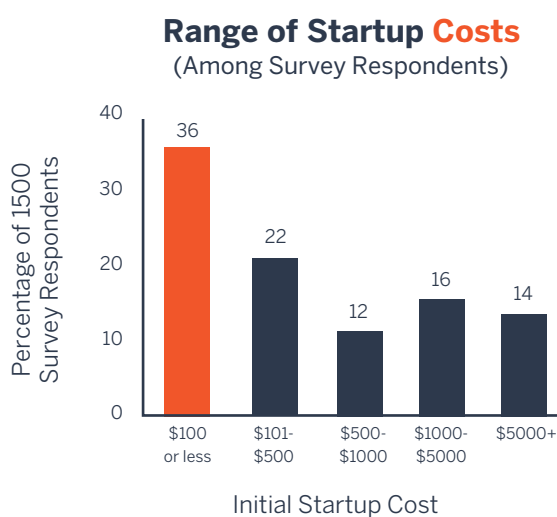
You'll usually want to own your own savings, but crowdfunding can be useful for the right business.

### *Thinking Outside the Box*

Funding can come from a number of places in a pinch—even if some of those places might be sketchy. One case study focuses on Emma Reynolds and Bruce Morton, neither of whom were eligible for a business loan. However, they were eligible for a car loan, and proceeded to use that to start their business.

### *No Budget is No Problem*

You don't have to have a lot of money to start a business. In fact, many microbusinesses start from almost nothing:



Most of the presented case studies proved just how much you could make on a relatively low budget. (For example, one individual started a business using \$28, and now makes about \$60,000 per year.)

## Three Profitability Principles

1. Don't take production costs into account when pricing your product; focus on the benefit it provides.
  - a. How will this improve my customer's lives, and what is that improvement worth?
2. Offer customers a range of prices to increase profitability.
  - a. Having a 'high end' version makes the lower prices look more desirable.
  - b. Keep it limited.
  - c. You CAN sell the same thing for the same price, but it's better to add something to other choices to prevent confusion.
3. Get paid continuously for the same product or service.
  - a. Subscriptions are good avenues—you earn more money at a steady rate.
  - b. Raise prices periodically.
  - c. Attracting customers to a recurring subscription makes them more likely to purchase other things from you.
  - d. Don't worry about other businesses—worry about improving the lives of your own customers.
  - e. Subscriptions sometimes make individuals nervous—offer free or low-cost trials, and assure them that cancelling is low-hassle.

## Chapter Eleven: Moving on Up

You'll want to make your business more successful, and the best way is through tweaks—small changes that have big impacts.

You can tweak things by:

1. Increasing traffic.
2. Increasing conversion—the amount of potential customers who actually buy.
3. Increasing average sales price. Related, you can:
  - a. Upsell—offer higher-level version or additional item
  - b. Cross-sell—offer related items
  - c. Sale after the sale—a special offer made to customers immediately after a sale

4. Sell more to existing customers.

Some suggestions to implement these include:

1. Create a hall of fame—highlight some of your best or most loyal customers.
2. Add an upsell after someone purchases.
3. Encourage referrals.
4. Hold a contest—the bigger the prize and more unique the contest, the better.
5. Figure out and implement an amazing guarantee.

“The first \$1.26—or the first sale—may be the hardest, but after that, your most difficult choice may be deciding between many good options for growth.”

### *Growth-Based Tweaks*

1. Create a product for a service-based business, or vice-versa
2. Raise prices regularly—you rarely lose customers

You can grow in two ways—by creating more products/services, or by deepening your relationship with customers (illustrated by the diagram below). The important thing to note, however, is never to grow for growth's sake.



### *Case Study of Note: Happy Knits*

Examining others' success can help you structure your own business. Happy Knits provides a great example, as there are several reasons why the yarn store is so successful:

- They have a very warm, friendly environment, allowing knitters to stay for hours without hassle.
- They have a good plan for online promotion, continuing to email previous customers and maintaining ties with popular online knitting networks.
- They pay attention to how they present their products visually, using great photos and displays.
- They have special deals, which they obtained by partnering with other companies.
- Lastly, they're great to their customers, providing personalized thank-you's and free advice for difficult patterns.

## Chapter Twelve: How to Franchise Yourself

When growing your business—essentially 'franchising yourself'—be strategic.

There are two options for self- franchising:

1. Reach more people with the same message
  - a. A good way to do this is by having a main 'hub,' or base of action, such as a website, and several other sources where you direct attention to that base.
2. Reach different people with a new message

You can also form a partnership with another business or person, with the goal of growing greater than either could do by themselves. The best way is through a joint venture, where the two work together on a single event or project.

Here's a list of things to think about before starting:

- How will you split the money between partners?
- What is each individual's responsibility?
- What kind of information will each partner receive about the project?
- What's the marketing plan?
- How long will you keep the partnership going?
- How will you communicate with each other?

“Buying into someone else's operation isn't usually the opportunity it may seem from the outside.”

### *The One-Page Partnership Agreement*

Basically, a way to put the steps above into words. This agreement consists of the following elements:

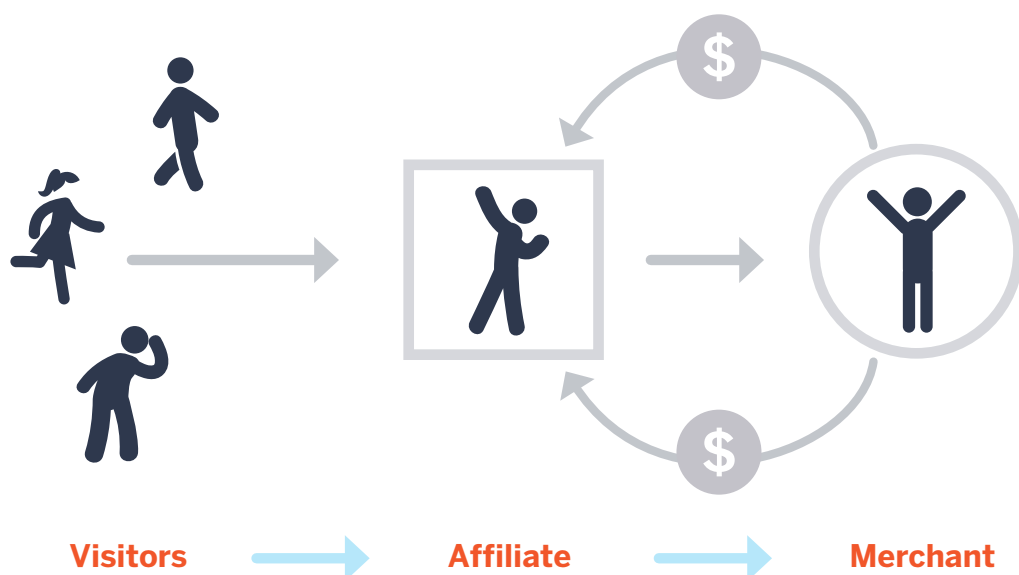
- Partners—The individuals who agree to work on the project together.
- Overview—The summary of the project, including the expected outcome and results.
- Revenue Sharing—The percentage of profit that goes to each partner.
- Life of Revenue-Sharing Agreement—How long the revenue sharing lasts before the partners must decide whether to continue it, end it, or change it.
- Publication and Sale—Where the offer will be for sale.
- Customer Support—What each partner is responsible for.
- Marketing—How the parties will market the project, with each doing an equal share of work.
- Timeline—How long the partners have to complete the project.

**Outsourcing** is a more controversial method.

- The Good: The business owner has more freedom to follow their passion while still having a successful business.
- The Bad: Those you outsource to aren't always reliable, and you may just not want to grow in this way.

Ultimately, the decision to outsource comes down to the individual business and business owner.

**Affiliate programs** can also work well. Affiliates partner with merchants, promoting their products in exchange for a cut of the pay. There tend to be two big problems: merchants don't usually pay much, and affiliates often only place a banner somewhere and call it good. You can avoid these issues by offering a high pay rate, with the stipulation that affiliates have to actually earn their keep. The diagram below gives a visual of the affiliate process:



## *The Business Audit*

If you want to franchise yourself, improving your business is a must. To do this, start by performing a business audit and looking at the details of your company. There are a few specific subjects to pay attention to:

- Look at where the money is coming from, and figure out how to improve or expand on that.
- Check how you market your product, and figure out if it still works, or if some things need revising.
- Are your prices too low? If people are still buying, then it's a good idea to raise your prices—and raise them regularly.
- What are you doing for existing customers? Improve their experience by making sure everything's going smoothly and asking yourself how you can help customers more.
- Make sure you monitor any new products or deals that you put out to see if they're successful.
- What other opportunities are you missing out on? You don't have to jump on every opportunity, but you should still know what's there, in case it becomes viable in the future.

## **Chapter Thirteen: Going Long**

What role is this business going to play in your life? You can keep it small, make it bigger, or test the waters and see what works best for you.

### *Always Work On—Not In—Your Business*

Set aside forty-five minutes every morning to do just that. Here are some key things to work on:

1. Develop your business.
2. Use the resources available to you in a new way.
3. Fix some persistent problems.
4. Review your prices.
5. Initiate communication with customers.

You'll also want to monitor your business:

1. Choose a couple things to track daily, such as:
  - a. Sales per day

- b. Visitors or leads per day
- c. Average order price
- d. Sales conversion rate
- e. Net promoter score

2. Leave these for monthly reviews:

- a. More detailed sales figures
- b. Site traffic and social media
- c. Growth of the business

“Entrepreneurs are not necessarily risk takers; it’s just that they define risk and security differently from the way other people do.”

### The Built-to-Sell Model

A business created with the idea of selling it later, the built-to-sell model is a business separate from yourself with skills that are easily teachable. The diagram below gives a breakdown on how this differs from the model presented throughout the book:

#### Built to Sell — \$100 Startup Comparison

	Built to Sell	\$100 Startup
Required Capital	Variable but often high	Variable but usually low
Employees	Required	Optional
Freedom payoff	Big payday	No big payday
Secondary benefit	Build and move on	Do what you love

### Pro Tip: Health Insurance

One of the biggest concerns about self employment is how to afford health insurance. There are a few different options:

- Go for a high-deductible that covers any major medical emergencies, and use a savings fund to pay for regular visits.
- Join a concierge program. Essentially, this allows you to have a personal doctor for wellness visits and has a cheap monthly fee.

- Get insured through your partner.
- Use COBRA, which basically allows you to keep your health insurance from a previous job for a time.
- Self-insure.

## Chapter Fourteen: But What if I Fail?

**Case Study of Note:** Most of us experience setbacks, but rarely do we experience one as major as John T. Unger. Unger lost his studio (the roof collapsed under him while he was trying to shovel snow) his day job (which cost him significantly more), and at the end of it all was held at gunpoint by an insane cab driver. However, from the last, craziest experience, he realized how lucky he was, and stopped worrying about the little things. He used commission from the bank--\$10,000—to put a down payment on two buildings he'd wanted, met and married his wife, and now runs a successful business.

Fear of failure is probably the most common obstacle to pursuing your passion. This fear can be external—based around a rapidly-changing marketplace or financial worries—or internal—based around such things as losing your passion down the line. Friends and family may offer lots of “advice,” further fueling your concerns.

But here's the thing: you don't need their permission, and you don't need to take their advice. If you really want something, go for it.

Everyone has a moment when they realize a project will succeed. Hold onto moments like that, because they'll motivate you, even through the tough times.

“Sure, you can learn through failure, and more than likely you'll have at least one false start on the road to freedom. But failure is overrated—who says you'll fail?”

### Key Points

- **Chapter One:** Microbusinesses aren't new, and you can turn your passion into one provided you put in the work.
- **Chapter Two:** Make sure everything you offer has value.
- **Chapter Three:** Only marketable passions can be turned into a successful business.
- **Chapter Four:** You can structure your work around your life, provided you remember it's still a business.



- **Chapter Five:** Demographics come in many different forms, and you'll have to think long and hard about who your passion will appeal to.
- **Chapter Six:** Don't sit around planning; take action.
- **Chapter Seven:** Create a pitch that no one in their right mind would turn away.
- **Chapter Eight:** A launch generates more attention—and revenue—for a project than just releasing it would.
- **Chapter Nine:** Promote yourself as much as possible, but make sure you have the work to back it up.
- **Chapter Ten:** A business should *always* be focused around making money
- **Chapter Eleven:** Small changes can make the biggest difference.
- **Chapter Twelve:** You can franchise yourself in a number of different ways, such as through partnerships or outsourcing.
- **Chapter Thirteen:** Make sure you're always improving your business to help it last.
- **Chapter Fourteen:** Don't let fear of failure stop you. If you want something, go for it.