

THE WEB DESIGN BUSINESS KIT

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TURN YOUR TALENT FOR DESIGN INTO A PROFITABLE BUSINESS

Turn your talent into a profitable business!

It's likely you're reading this because you've decided to take the next step and start your own online business. Perhaps you already have a few people working for you and now want to expand.

Maybe you're still unsure about what to do and are weighing up all your options ...

Well, you're timing couldn't have been any better!

You'll soon be reading through the four sample chapters of *The Web Design Business Kit*, 3rd edition—an updated version of our best-ever selling product.

Through its earlier incarnations, this kit has equipped thousands of people just like you with the business skills required to turn their talents into successful, thriving businesses.

So, how are you feeling about taking the next step in this journey?

Once the initial excitement of your life-changing decision wears off, chances are you're going to start feeling apprehensive. Managing an online business is demanding, and there's massive pressure for you to be successful in your venture, especially if you have people depending on you.

Questions are constantly running through your head:

- “How will I know if I'm on the right track?”
- “Who can I turn to for advice?”

The answer is simple and you've already found it—Peter Williams, Brendon Sinclair, and *The Web Design Business Kit*.

While you might be a fantastic web designer or developer, but chances are you're not also going to be a great accountant, lawyer or marketer. *The Web Design Business Kit* will fill in all the blanks and teach you what you don't already know about managing your business.

Unfortunately, there's no practice round when you run your own business. You'll need to stay calm and confident when dealing in real time with real customers, so there's little room to make mistakes. But you won't need to worry about making any with this kit by your side, because it will be there with you every step of the way, guiding you on the path to success!

We've chosen these four chapters of *The Web Design Business Kit*, 3rd edition to share with you. They'll give you a taste of what you'll find in the full version.

- Chapter 4: Taking the Plunge
- Chapter 8: Key Relationships
- Chapter 13: Managing Web Projects
- Chapter 18: Future Proofing Your Business

Happy reading!

What's in This Excerpt

Chapter 4: Taking the Plunge

If there's a most important chapter in this kit, this is it. Here, we address what has to be done to start your business, giving you clear courses of action to get off the ground and lay the foundations for success.

Chapter 8: Key Relationships

In this chapter, we talk about the importance of developing relationships with experts who can help you build and shape your business.

Chapter 13: Managing Web Projects

Knowing how to start a business is one thing; but you also need to know how to run a business! This chapter focuses on the day-to-day managing of web design and development projects.

Chapter 18: Future Proofing Your Business

In this chapter, we look at the techniques you can use to minimize risk and future-proof your operation.

What's in the Rest of the Kit

Chapter 1: Going Out On Your Own

This chapter investigates the reasons why you might want to go out on your own, and considers what the best option will be for you: freelancing, or running your own business.

Chapter 2: Business Planning, Research, and Competition

Before starting a business, it's a good idea do some business planning, and research the market and your competition. This chapter has tips and recommendations for this crucial step.

Chapter 3: Creating Success Through Clients

A web design business is nothing without clients, but beyond simply acquiring them, this chapter shows how you can make good clients into cornerstones of your business's success.

Chapter 5: Win Your First Client

Now that you know the theory of starting a business, it's time to go out, pitch, and win your first client!

Chapter 6: Facing Up to Business Realities

Running a web design business is more than just building websites and winning clients. This chapter covers business realities—like legal requirements and accounting—that you'll need to take into consideration.

Chapter 7: Key Processes

This chapter looks at the processes you'll need to put in place, ensuring that your projects run smoothly, and that you meet your budgets and deadlines *every* time.

Chapter 9: Marketing Your Business

The third section in the kit is all about marketing and sales. The first chapter is a primer on successfully marketing digital businesses.

Chapter 10: Developing Your Unique Advantage

Trying to be the best at everything is a recipe for failure. In this chapter, we'll look at how your business can be more successful by developing a unique advantage that differentiates you from your competitors.

Chapter 11: Honing Your Sales Skills

Most web designers are much happier buried in a mountain of code than in a pitch meeting, so this chapter gives you some good advice to become a better salesperson.

Chapter 12: Providing Excellent Client Service

Then, we'll look at the challenge of providing excellent client service, and discuss how you can develop an approach that allows your client service to stand above your competitors'.

Chapter 14: The Tools of the Trade

There are a plethora of tools available for business owners to track their staff's hours, maintain client databases, manage projects, and more. In this chapter, we'll look at the best ones and show you how to use them.

Chapter 15: Dealing with Pesky Clients

Any web designer will tell you that one problem client can eat up more time and effort than the rest of your clients combined. This chapter provides tips for keeping both clients and projects "on the rails."

Chapter 16: Winning Large Clients

The first in a section on expanding your business, this chapter covers the basics of how to go after the really big fish.

Chapter 17: Managing Expansion

How do you grow a web design business? Do you expand willy-nilly, take on more staff than you know what to do with, and move to offices you can't afford? The advice in this chapter will help you avoid these mistakes and successfully expand your business.

Chapter 19: Business Models: Reuse and Productization

One way of growing your profits without growing the size of your operation is to transform your services into products, enabling you to take them to new clients without duplicating work. This chapter examines the pros and cons of alternative business models, and provides advice for managing this kind of branching out.

Chapter 20: Profitable Growth

We wrap up our section on expansion with a review of how to grow your business, all while ensuring that each step represents growth in profitability, and not just in revenue.

Chapter 21: Hiring, Firing, and Employee Ethics

Any growing business needs to take on additional staff. This chapter introduces you to the basics of finding good employees and keeping them, as well as addressing the delicate issue of firing.

Chapter 22: Adopting a Performance Management Framework

Now that you've built a crack team, how do you keep everyone performing at their highest potential? Here we show you how to set up a simple framework that ensures your staff are constantly improving their skills.

Chapter 23: Succession Planning

This chapter will look at the importance of succession planning, and how it can play into your staff's motivation and commitment.

Chapter 24: Outsourcing and Offshoring

We'll consider the issues surrounding outsourcing and offshoring—the pros and cons, as well as the considerations required to undertake each in a way that serves your business well.

Chapter 25: Case Studies

The final chapter pulls together everything we've talked about and plants it in the real world. Successful business owners explain what makes their web design and development firms tick. Each case study focuses on a different aspect of business, to give you a few ideas about your own operation—not to mention a healthy dose of inspiration!

The CD

The CD contains samples of, and templates for, the documentation we use every day—and that you can put to use in your own business. In addition, we've also included video of the interviews we conducted for the case studies in the last chapter.

Taking the Plunge

Ideas are good, but actions are better. Procrastination is the silent killer of many, many businesses, and as important as it is to have a plan, nothing beats *implementing* that plan.

My company recently interviewed Kath, a web developer who has been in business for years and really knows her stuff, for one of our site's podcasts. Kath told me the only form of marketing she conducts is finding local businesses with websites: "I just find websites that could use improvement, pick up the phone and call them, and say, 'I can have your website make more money.'" She organizes a meeting with the site owner, goes on in, and sells. That's it. Kath makes 20 calls a week and generates five sales from those 20 phone calls—she certainly can't be accused of analysis paralysis!

Once you've been in business for a while, you'll know what will work for you. Some decisions will be better than others, but you'll always have that experience to refer back to and to use forever. By reflecting on whether the decisions you've made work, you'll grow used to anticipating and taking the right actions, and learn to avoid the wrong actions. So don't be paralyzed when it comes to the crunch—make your decision, and run with it.

In this chapter, I'll cover ten courses of action that will get your business going. We'll see what just one client means in terms of expanding your business when they refer more clients. We'll meet the perfect salesperson, develop a client database, look at what *not* to do in business, and discover some secrets of success.

Starting the Business

Starting a business carries the highest risk of failure because it has the greatest uncertainty. The main question you have to ask before taking the plunge is this: is there a demand for my services in the area I'm targeting?

It takes time to build a client base for your business; figure out what works best, and build the infrastructure you need. While that time is ticking away, you have bills to pay, and you probably will have little income coming in. What do you do to start?

Ten Courses of Action

To get started, here are ten courses of action that will help you gain your first client::

Ask yourself three questions

- How can I generate more revenue over the next six months?
- How do I want my business to develop over the next year?
- What will I do to achieve this?

Set aside time each week to think about your business strategically. It might be a Thursday brunch like the one my business has, or it may mean a board meeting, or having some quiet thinking time. Regardless of how you do it, make some time to work *on* your business, rather than *in* it.

Start making contacts

Start collecting the name, address, telephone number, and email address of every single client, prospect, and friend in business you have. Put them into your database. Invest the time to build a strong following on Twitter. Make sure you have an up-to-date LinkedIn profile, and connect with everyone in your database through this site. This will ensure that everyone who is acquainted with you knows you're launching a business, and is aware of the kind of work you'll do. Twitter and Facebook are also great ways of amplifying the message about what you're doing: one update may be redistributed among broader networks many times over by keen followers and friends.

Stop telling prospects what you do

Enough about you already, what about them? You're a needs analyst. When you meet a client, make sure you've done your homework. Find out what they've currently published on their website, and research what's being said about them in the press and social media. You'll gain a clear idea about what the prospect is trying to do, and when you go in to meet them, you'll come across as someone who really understands their business.

Nonetheless, ask the prospect lots of questions about their business. Remember the old saying: first understand, then be understood. Make sure you're more focused on the prospect and what they're trying to achieve than on what you do. Once you understand what the client really needs, you'll be able to map out a solution that helps them.

Build a consistent follow-up sales process

It's always easier to sell work to an existing client, because you know their needs and what the next steps are likely to be. Make sure that as you finish a project, you're clear about the client's future needs. Discuss them with the client while you're still working on the job.

For instance, if you've designed a website for them, your follow-up sale might be site maintenance. A consistent follow-up sales process is critical to your success. We make a proposal to the client for ongoing work for almost every site we work on, usually focusing on the maintenance and marketing of the site. This ongoing work is among our most profitable (and it's work that almost every website requires).

Let's say you finish a small site for a client, and charge \$200 per month for ongoing content maintenance. We'll assume it takes three hours per month to complete this maintenance. As you grow, you attract more and more clients, and within 20 weeks, you have 20 clients. That's \$4,000 per month for ongoing maintenance work. Let me tell you—from someone who started his business with zero clients—having that come in monthly helps take the pressure off, allowing you to focus on attracting the best and most profitable clients.

Build your business website

Everybody's heard about the cobbler's shoes and the plumber's bathroom. That adage often applies to those who work on the Web, too. Ensure that your website looks credible, because it will be many prospective clients' first port of call. They'll visit your site to see the type of work you've produced, so as to gauge whether you're right for them. I've often found in web design businesses that the focus on external clients' projects can mean that the business neglects to focus on its own website. And if you have a fairly ordinary website, that can be a real turn-off for clients. Think about how you can use the Web, and incorporate features like blogs, Twitter feeds, and updates to make your site dynamic.

One of the most powerful tools you can have is a series of case studies that talk about the different business problems you've solved for clients. With this in mind, make sure that the completion phase of any project includes creating a detailed case study for the job. As we've mentioned, video is very powerful, so it's ideal if you can have

a client give you their testimonial on video—talking not only about the project, but also about the results the client achieved.

Maintain constant client communication

Make sure you send a constant stream of communication to your network. A good way of keeping clients and prospects informed—as well as making contact with potential clients—is to consistently communicate what’s happening in the field in which you operate. You can do this by writing a blog, or simply tweeting what other bloggers are saying that interests you. Ensure that whenever you finish a project, you gain permission from the client to prepare a case study.

Work to get into the press

The traditional media are always interested in new stories. If you’ve done work for a client that is a first for its field, or has some angle that may interest a particular publication’s readership, why not send out a press release? Technology magazines, industry publications, or business periodicals can be good places to start. If you are published, you’ll have some worthy news to forward to clients. It shows not just that you’re being noticed by the press, but that the work you’re doing is significant for the industry.

It’s also a useful way to build relationships with journalists. If you do send a release, follow up to see if they’re interested in the story, and while you’re doing that, find out what other stories may suit them. Once you’ve established relationships with the press, you’ll find that they’ll call you regularly; this stands to get a lot of free, highly credible marketing.



Focus on Business Publications

My company tends to focus its media efforts on business publications. IT publications are good, but a lot of businesspeople won’t be reading them. It’s easier to reach prospects through the business press.

Become accomplished at public speaking and events

Given the changing nature of technology, there are always conferences focused on the latest trends, developments, and happenings. A really great way to put yourself in front of a lot of potential clients is to become better at public speaking, and land gigs speaking on the topics that you’re interested in. Public speaking in front of audiences of 200 people means that in one hour, you can achieve the equivalent of 200 client pitches—that’s a lot less time than it’d take to present 200 one-hour pitches to prospects. It’s extremely practical, and it adds credibility to your résumé and your business.

Example 4.1. Come to My Conference

When I launched a web design business, one of our first tasks was to organize a conference as part of a major multimedia festival being held locally. I called the festival's organizers and said I wanted to add a business stream to the conference, and we pulled together eight speakers, including me as the keynote. In effect, we were able to sponsor our own mini-conference within this larger industry meetup, and that really kick-started our business.

If you're unable to get public speaking gigs yourself, run events. Invite clients and prospects, and advertise it widely. Be sure to capture any events you run on video, and stream them live to people who are interested, but can't attend physically on the day. And, of course, publish them to your site for future reference.

Reward good clients

Show your gratitude to clients and contacts who help you to grow your business, whether it's through companies they refer, or by engaging your services themselves. Give back to them by providing information, advice, and assistance wherever you can. Invite good clients to events that you're going to, or take them out socially—a celebratory dinner at the end of a project, for example—so you can build those relationships further. My business also puts on sandwich lunches that bring clients together to talk, learn, and socialize. This puts you in the position of facilitator of your own client community—that's a very valuable position to be in.

Go the extra mile

At the minimum, you must satisfy your clients and deliver what you say you will. If, while you're working with a client, you can help them with advice that stretches beyond the original scope of your project, do so. Maybe you can use your expertise to make suggestions about other aspects of their business, or alert them to tactics that other clients are using (without divulging any corporate secrets, of course!). This is a very reliable way to exceed client expectations, and a client whose expectations have been surpassed will be your best reference.

Keep an eye on your competitors

Regularly look at competitor websites to find out what new projects they're working on, and which new fields they're moving into. Read the trade magazines and industry press for any announcements about what competitors are doing. This will prompt you

to consider whether you should be moving in the same direction, and give you the chance to see if they're moving ahead of you in the market.

Additionally, if you're in a competitive situation and you lose to another web design company, go back to the prospect and ask what you could have done to win the business.

Learn to perform

It takes many years to hone the perfect client pitch and run successful meetings with prospects. Of course, the best way to do this is to practice, but also, after you've had a client meeting, call and ask if they have everything they need and whether there's any other information they may require. Continually update your processes, and learn by doing.

Build a Successful Business on Long-term Relationships

If you have to go out and win every project from scratch without having any consistent work, you'll fall into the chase-your-tail model. This means focusing all your attention on delivering the client's project, and then suddenly realizing once you've done so that you need to sell another job to keep the business afloat. It's always a feast or a famine. How can you avoid this trap? By having a range of regular, repeat, underpinning clients.

Example 4.2. Wanted: Underpinning Clients

When I took over one midsized web design business, I reviewed the client base and found that a single client represented 33% of that business's revenue. While this client was big, and a great relationship had been established—and it garnered us a lot of press coverage—I saw that client as our biggest risk. If they left us, the business was in real trouble. Of course, as a large organization, it was always being approached by advertising agencies and other web companies who wanted a piece of the pie. Additionally, because it was a large client, there was the added risk of it being difficult to control. While I didn't want to reduce the business we received from that client, I did want to expand our underpinning client base. Over the ensuing months, we continued to service this client very well, but we set about building other underpinning clients to provide greater stability and stronger foundations, removing our new web business from such a precarious position.

The underpinning client is one of a stable of clients that give you regular, consistent work that keeps the rent paid and the wages bill in check. It also gives you the opportunity to spend more time winning work. You spend less time on selling bread-and-butter jobs,

and can dedicate your time to performing strategic tasks for your business. In short, underpinning clients provide a foundation for solid future growth.

We've already seen that as you complete your first project for any client, you should be assessing their needs, and looking for additional ways to work with them. Some—but not all—of those clients will continue to work with you, and they may well become valuable underpinning clients for your business. For those who do, you have the benefit of knowing the clients and their business, and you're confident that you can work well together and rely on each other.

Undoubtedly, you'll also receive great references from these clients—and that's crucial. When another prospect wants to speak to your existing clients about your work, you can refer them to your underpinning clients, and be sure to receive a fabulous rap. Gradually, you'll expand your underpinning client base, giving your business the foundations for future growth.

So which clients are most likely to become your underpinning clients? They typically have an organizational mentality of outsourcing work to experts, and ongoing, complex needs. Do you know any companies that fit the bill? Perhaps you should make contact.

Preparing for Tomorrow

To arrive at tomorrow, you'll need to survive today—and survive it in great shape. How can you ensure your business is well-armed for the future?

The most common causes of business failure aren't the ones you'd expect. One is **over-trading**, where you grow so fast that you're bringing on customers and staff at breakneck speed, only to find that your back office is unable to keep on top of project delivery, invoicing, and collections. It's a deceptive situation, since everyone's busy working and you have lots of clients, but you'll wind up with cash flow problems if you continue like this.

Another common cause of failure is The Big Job: a client asks you to perform a task you've never done before. In your excitement at the new challenge, you throw all your resources—people, money, time—at it. Meanwhile, the rest of your business is pushed to the brink as clients, cash flow, and deliverables languish.

It's true that if you can't sell, you'll fail. But it's also true that if you can sell, but you can't manage, you'll fail. It's crucial to maintain that balance.

Avoid the trap of ignoring what lies ahead in order to focus on today. Now is an excellent time to take on board two philosophies that will serve you well today and into the future: client management and sales. The tips I'm about to provide on these two mission-critical activities will put your fledgling business in good stead for a profitable future.

Develop a Client Database

Develop a database of your customers, prospects, suppliers, potential suppliers, media contacts, friends, competition: anyone who has the potential to have an impact on your business.

This database will be your biggest business asset. It will enable you to attract new clients more easily; for instance, by alerting your clients to new ideas and trends, and being able to keep in touch when they move to different organizations. And one day, it might add greater value to your business should you ever decide to sell it.



LinkedIn: A Great Client Database

One of your key tasks here is to maintain your database of contacts. Traditionally, this was difficult to do; people would move from business to business, and you'd be none the wiser that they'd changed jobs. Your database could quickly become redundant. Using online systems such as LinkedIn,¹ where your contacts maintain their own profile, solves this problem: when they do move, they can update their details themselves, so you'll know where your contacts are working at any given time.

This leads to the other great opportunity that LinkedIn can provide. As soon as you see that a contact has moved to another organization, get in touch. Often, they'll be moving into a role in which they'll have a need for help from a web design business, and keeping track of your clients can be a strong business strategy. One of my clients has been using my business's services for years, across three different employers that he's worked for. Check your LinkedIn alerts regularly to see who's moved where, and jump on the phone to those contacts as soon as you can.

A database is the most perfectly targeted market you can have. Your client database is, effectively, a list of loyal fans, of advocates for your business, of people you can call for a case study or reference, and of people who will likely use you again at some time in the future.

So building your database of contacts is crucial. How can you do that? Here's an example:

¹ <http://www.linkedin.com>

Example 4.3. Find People Who Can Help You Find New Friends

In my organization, we have a Twitter account and a blog for the brand itself. I have my own personal Twitter account, and we encourage our team members to have their own accounts too. We look for people across the team to contribute content to the blog, and we're always out there doing public speaking at relevant industry events. We're always out there, in the mix.

What's great about these approaches is that they provide the opportunity to amplify your message: other people can retweet it or link to your blog. We also do a lot of guest appearances on other companies' blogs; it's worthwhile looking around and working out who else is out there in your field, then join together to make more noise, garnering more attention than you would otherwise. We did a video for BNET² a few years ago, and it really is a gift that keeps on giving, with us still receiving contacts from that exposure even now.

One key way to promote these channels to your contacts is to include your Twitter, LinkedIn, and other social networking details on your business card, website, and everything you do.

The other benefit of engaging through social media is that these tools make it easy to find out what other people are saying about you, and keep an eye on your reputation within the market. You can take advantage of this in a number of ways: when a prospect asks me what our customers are saying about us, we encourage them to check our @ replies on Twitter as a first step. If people are saying good things about you, let your clients see for themselves.

Recently, a client asked us for our résumé and references. We sent him the Google search results for our names and a Twitter search for our Twitter usernames—and won the job. The client remarked that the Google search told him far more than we could ever fit on a one-page résumé. As this example shows, it's best to let the market speak for itself.

You really want to go one better than building a client database: you want to build a client network. So go to as many networking events as you can, and when you're there, speak to as many people you don't know as you can. Networking is less about what you can gain from a situation, and more about what you can give. Be an active participant in your

² <http://www.bnet.com/>

business networks. Help people out, do favors, share information—whatever you can give, give it. This will organically build your network.

Don't be afraid that you're giving contacts too much information. If a client takes the information and uses it without you, they undoubtedly would have done that anyway. On the other hand, you'll gain much in terms of work and word-of-mouth recommendations, by giving information freely among your network peers. We find that the more we explain to clients about the fields in which they're interested—integrated social media, ecommerce, mobile apps, and so on—the more likely they are to realise that they need help to implement projects in our areas of expertise. Since they're talking to us, and we're giving them the information they need, they're likely to trust us and seek out a partnership on their next project.

Maintain contact with the people in your network, and look at what you can provide. Networks are built over time, and they'll work for you if you put in and work for them.

Put Yourself on a Fast Track to Sales

Most businesses experience ups and downs with sales. That's because when you start out as a small business and you win a job, it's all hands on deck to deliver. But when you lift your nose from the grindstone, you soon realize that there's no new work coming in. Business development should be an ongoing part of the work you do, no matter what client work you have on.

Ultimately, the way to put yourself on a fast track to sales is to become a trusted advisor to your clients, past clients, prospects, and contacts. You don't want the client to feel that every time you call you're trying to sell them a service. Instead, it would be preferable that you're calling to share some news with them, or giving them something of value. How can you achieve that status?

These are the primary techniques we use to maintain a reliable sales process for our business while strengthening our position as trusted advisors among our contacts:

Undertake pipeline management

In business, the adage that you're only eight weeks from disaster is usually true; it's difficult to see what may eventuate beyond the next month or so. To help us see a bit further into the future, we engage in pipeline management (illustrated in Figure 4.1), in which we look at:

- the conversations we're having with prospects about potential work
- identified opportunities, where a client's asked for a proposal

- proposals in progress, where we're waiting for a response to a submitted proposal
- wins, which is the work we're expecting in the coming weeks, and work that's currently being completed

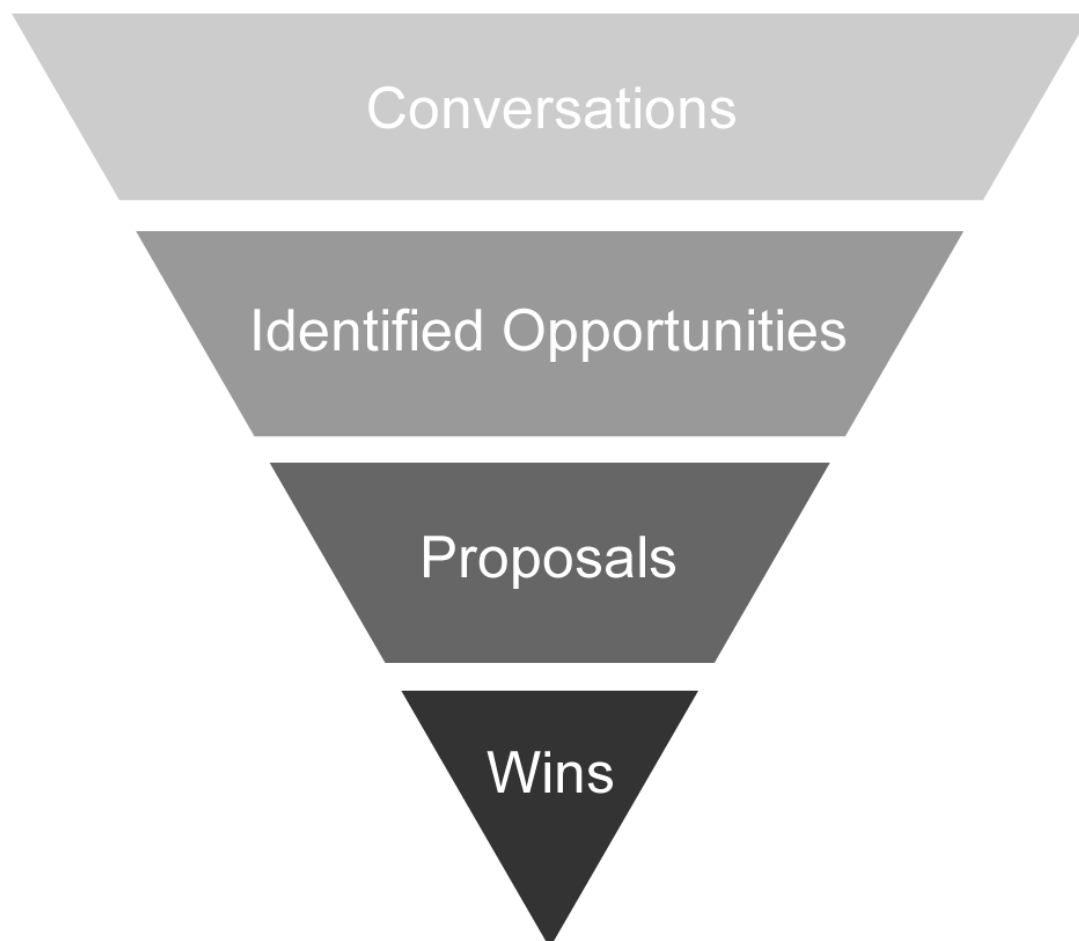


Figure 4.1. The sales funnel

Take a couple of hours each week to review your pipeline, and try to identify opportunities that exist within the organizations you're currently working with. When starting out, make sure once you have that first client that you have clients number two and three coming on board, or that you have further opportunities arising through the clients you're already working with.

In the end, pipeline management comes down to discipline. Don't talk about it—do it. To do it well, you'll need to be aware of the lead time that's likely to elapse between the day you start talks with a prospect and the day they actually sign the contract. Monitoring this lead time is also important; as a rule of thumb, it usually takes around

a month in the web design world. Of course, this can vary wildly due to the specifics of any given project.

The pipeline review gives us a really clear idea of what's coming in. It also reminds us that not every conversation is going to lead to a win. But making sure that you have activity at all levels of the sales funnel is how to be in the best position to continually win business. It's also ideal for encouraging thinking about what you can do to convert clients from conversations to opportunities, to proposals, and finally, to wins.

As you can see, the pipeline review serves to make concrete what can otherwise seem abstract ideas. A periodic review of the areas where you're winning or losing work will also help you identify where you need to improve your pipeline management, and know when you're doing well.

The other big advantage to taking this view of your sales pipeline is that it emphasizes the importance of knowing where the conversation is at with any of your clients at any given time. If you find you're not having conversations, that's a big warning signal. If nobody's talking to you, and you're knee-deep in a job, you might be in a difficult position within weeks, if not days.



Don't Kid Yourself!

Take the pragmatist's view—rather than the optimist's—when you're reviewing your pipeline. That proposal you sent out six months ago is probably a no-go. Cull what you can from your pipeline so that you have a realistic take on the situation.

Maintain the conversation with your current clients

This is by far the easiest group of people to sell to. You know their contact details, what they've already purchased from you, and what they might be interested in buying now. And, since they're existing customers, they're far more likely to buy from you again—you've established a relationship with them. They know you, and that you're honest, and they know you sell a high-quality product. This knowledge removes one of the biggest barriers to making a sale: trust. Your existing clients trust you, and that will mean more sales.

Have a monthly status meeting with your current clients. Talk about the three best and three worst aspects of the project—from both your perspective and theirs—to help identify any other areas of the business where you could assist them. This promotes open discussion with the client that can help you improve your processes, and lets you identify who you need to speak to about new opportunities.

Remember: if you're not talking to clients, there will be no ongoing work from them.



CRM Software: Tracking Engagement

Many of the popular customer relationship management tools offer you the ability to log every contact you have with a client. Use this functionality—and have your staff use it—so that you can always see, at a glance, how your client relationships are looking.

Maintain the conversation with your previous clients

While many web design clients have ongoing needs, there are always those whose needs are more periodic. It may be a year before they have a new project for you. If you service these clients well, and keep the conversation open with them, you'll know before the project ends that they're unlikely to be ongoing clients for you.

So, when you finish a project with this kind of client, make sure that you have a clear understanding of whether they're happy with the outcomes; if, down the track, they're not calling you for more work, it may be because they were dissatisfied with your last job. In this case, a post-implementation review of the project is crucial, as is a client service interview some months after the project is finished with a staff member who wasn't on the project. In this interview, we ask how the job went, how the team performed, where we could have done better, and how likely they'd recommend us to others. If we receive a score that's less than eight out of ten for the last question, we know not to expect any referrals through this client. It's important at the end of the project to know where you stand, so make sure you're clear about their expectation of ongoing work.

At this point, you can also assess what's the best way to maintain contact with the client. Ask if they'd be interested in coming to events, networking occasions, and so on, and whether there are areas of interest in which you can keep them informed. This will help you set the expectation of ongoing contact, even if the client seems likely to be periodic. We often send articles or other information that we know will interest a client to ensure that they know we're thinking of them, even during the times when we're not working together.



Ideas Matter

It's easy to imagine that if your clients have a need, they'll come to you. But often, my clients remark that they appreciate *us* giving *them* ideas—through articles, white papers, and information that we send them, perhaps with a note about how it could be relevant to them. You might find an interesting clipping about what an organization in your client's industry in another country is doing, and you think that could be an interesting approach for them to consider. Tell them!

These kinds of opportunities provide the perfect reason to contact a past client in a way that adds value for them, whether they end up engaging you to do more work on that issue, or not. They also encourage the client to think, “These people come up with good ideas”—and that's exactly where you want to be as a service provider of web design. When the client sees an idea, they're on the phone to you: their trusted advisor.

Making Sales

We've talked about all the ways you can put yourself in the best possible position to make sales, but what about the tricky business of selling? We'll cover this in much more detail in Chapter 11, but let's talk here about making your first sales.

In a services business like web design, you should look at sales not as selling, but as enabling clients to buy. The way to do this is to understand their needs by asking the right questions, and then shaping the proposal and predicting a project outcome that lets the client feel comfortable in making the buying decision. You need to be able to:

1. anticipate where there's an opportunity for work
2. have a discussion about bringing that opportunity to fruition to help the client achieve their goals
3. give the client a proposal to which they can say “yes”

Recording sales is about building ongoing relationships, and if you have employees, they can also contribute to this effort. Make every team member part of the sales effort.

As we saw above, to make sales you'll need to maintain your relationships with existing clients. The team members who could help do that might be your most junior developer, or your CEO. Team members working on client premises are usually in a good position to spot opportunities; encourage them to talk about those possibilities with the client.

Everybody in my business is also involved in preparing proposals, since they all have to contribute to the project if we win it.

We believe this approach is crucial to the success of our business. Whenever we bring on new employees, we make sure they know that they'll be part of the sales process, too.

Your sales process needs to be continually honed, from a scattergun style to a more focused approach. The way to do that is to manage your pipeline as we discussed above. My top tips for making sales include the following.

Monitor your sales funnel

Remember: be a pragmatist, not an optimist.

Assess the likelihood of winning the proposal before you begin

When we receive a request for a proposal, we always have a conversation with the client about what the project is, and what the budget is, so that we know what we're dealing with before we start work. This helps us assess our compatibility, and saves us from a lot of time-wasting on proposals that are priced too high or too low, for clients who are ultimately unsuitable in the long run.

Don't fall into the tender trap!

Often, web businesses that are having limited success decide that the best way to land work is to respond to public tenders. My business's success rate on tenders where there's no existing relationship or knowledge of the project prior to the release of the tender is less than 3%. A one-in-33 chance of being awarded the tender isn't worth our time.

Pass on the silver medal trap

If you're continually asked to pitch by a prospect, and you keep losing the work, ask yourself why. It may be you, it may be them, but you should stop pitching work to an organization that continually knocks you back.

Avoid price checks

We ask prospective clients whether they have an existing provider, since many businesses may go out to tender or invite proposals simply to price check their preferred, or existing, service provider. These days, if we know a prospect simply wants a price check (which we find out by asking them directly), we simply ask them to tell us what the project involves, and what their current supplier has quoted. Then we tell them if we think the quote is feasible. This way, we do right by the contact without costing our business time and money. It's a win-win scenario.

Make a bullet-point proposal

If you can see a strong opportunity, but the client hasn't asked for a detailed proposal, put a plan together anyway. We usually prepare a short bullet-point proposal that outlines where we think the project might be headed. This at least starts the ball rolling, and gives us something to discuss with the client.

Send your proposals as drafts

We always send proposals as draft documents, and follow them up with a call to find out what the client would like to add or amend. This puts us on a good footing to move the proposal through the funnel more quickly, since it encourages ownership of the proposal by the client themselves. We find that the more involved the client is in the proposal, the more likely that we'll win the job.

Follow the three-cups-of-coffee rule

Experience has shown that if we've had three cups of coffee with a prospect and we seem to be going nowhere, we probably won't pursue the prospect any further. Usually, an opportunity—or a sense of one—emerges within three meetings; if it hasn't, it's unlikely to.

Speak to the decision-makers

Make sure you know who you need to speak to for a realistic idea of the proposal review and approval process.

Don't oversell, or come across as desperate for work

Selling isn't about high-pressure tactics; it's about building a relationship and gaining the confidence of a prospect who will then buy.

Don't die wondering

If, at the end of a meeting, you feel like everything's going well, and you can see an opportunity, offer to prepare a proposal—even a bullet-point version. Give yourself and the client a reason to persist with the discussion, so that you can continue to move them through the sales funnel to purchase. Refrain from walking away without a clear next step.

Example 4.4. The Perfect Salesperson

The perfect salesperson isn't some glib fast-talker vigorously self-promoting their way to the next million. Nor is it the statesman diplomatically negotiating the way to world peace. And it isn't McDonald's.

It's a guy called Mike.

Mike has a shop that sells bikes. It's called—you guessed it—Mike's Bikes. Mike's shop fronts onto a main road, in the middle of a small shopping strip. I met Mike when I was cycling late one summer afternoon. About ten miles from home, I had my first puncture. I had it fixed in a couple of minutes and continued on my way. I had just passed Mike's Bikes when I had a second puncture—what a bad day! As I'd already used my only spare tube, I had to stop and patch the hole.

So there I was, mending the tire tube in rapidly fading light, when out into the street walked the perfect salesperson.

Mike saw me as he walked out of his shop, and came over. “Hi,” he said. “Got a puncture? Do you live far away?” I told Mike I lived about ten miles away. “The glue will take ages to dry, and it's getting dark,” Mike replied. “You need it fixed straight away. I'll grab a new tube for you.”

He disappeared into his shop and quickly returned with a new inner tube. I told Mike I had no money with me. “No problem, just pay me the next time you come past,” he said. Mike pumped the tube up a little, put it onto the wheel rim, and offered some advice on the easiest way to get the tire onto the bicycle. “The tube's \$9.00, and there's no rush,” he said. “Ask for me; I'm Mike.”

I was putting the wheel back on a couple of minutes later when one of Mike's employees came out of the shop to go home. He stopped when he saw me. “If you need a hand with that, just take it inside to the boys—they'll help you,” he said. I said, “Thanks,” and continued to fix the bike. Soon, I was on my way home.

What I've described here is the perfect sale, something that, sadly, happens rarely. What did Mike do so well? Let's take a look at the process, step by step.

- First, Mike identified his target market. That was me in my cycling gear, mending my bike puncture.
- Mike initiated communication with me and completed a needs analysis: “Hi. Got a puncture? Do you live far away?”
- He restated the issues to highlight my problems: “That glue will take ages and it's getting dark. You need it fixed straight away.”
- Having seen a need, he offered a solution: “I'll grab a tube.”

- Mike then surpassed my expectations by pumping up the tire, offering advice, and telling me to just pay the next time I came past. The offer for assistance from his departing employee shows that Mike has instilled the same service culture into his young team. Again, this exceeds the expectations of most customers.
- Mike made a sale. I dropped the money off to him the next morning, and I return to Mike's Bikes whenever I need anything bike-related. I also recommend the shop to local cyclists I know.

This is the anatomy of a perfect sale. Identify your target market. Approach the market. Initiate communication with your market. Analyze their needs. Offer a solution to meet these needs. Ask the market to buy. Exceed the expectations of the market—and voilà, the perfect sale!

Admittedly it wasn't a lot of money to lose, but Mike took a risk in giving a perfect stranger the tire on a promise of payment. That was one of the best aspects of the sale—its integrity. The decent, trusting, and respectful way Mike helped me out meant that I couldn't wait to return and give him the nine dollars. It also means I wouldn't dream of buying any bike product from anyone else, because Mike has shown that he's trustworthy and smart—and that's what every salesperson should be.



In Your Experience ...

We come into contact with sales and service processes every day. Whenever you have a good experience—perhaps you sit down in your favorite café, and two minutes later, your preferred coffee appears without you even having to order—or a bad one, consider them. Step back and think about the principles that made that experience what it was. Sales is about human nature; the more you understand what makes you happy as a customer, the better you'll be at pleasing your own clients.

What Not to Do in Business

You've started your own business and you're feeling great. You've tossed off the shackles of employment and taken the big step into the wonderful, wild world of own-your-own-business. You're free, free, free! Now you can take time off during the day to visit friends, enjoy a coffee or two at your favorite café, or maybe take a dip at your local pool ...

Wrong!

Don't Relax

Now is not the time to take it easy and relax. Now you need to work harder than ever.

Yes, there will be distractions. Friends will call in to see you now that you're working from home. Your partner will want to have a coffee and chat: "Come on, take the rest of the afternoon off." If you're working from home, your mother, father, siblings, children, and family cat will all be vying for your attention. It's important to educate your loved ones that you are at the office—even when you're sitting in the spare room at the computer.

It's vital that you have the time and space to work and be productive. As tempting as it might be to duck out and enjoy a beer, it's now that you need to put your head down and get cracking. If you're to avoid becoming one of the businesses that fail, you have to knuckle down and do the work.

Don't Spend Unnecessarily

As we saw in Chapter 2, frugality is crucial. The Web provides more and more opportunities to be thrifty; for instance, with the advent of Skype and VOIP operators, we've managed to cut our phone bill by 50% over the past year. That runs to well over \$1,000 per annum, a figure that sits much better in our business account than that of the phone company shareholders'.

Fancy offices are an unnecessary luxury at this stage. What you need are the basic tools of management to achieve the job at hand. You must understand where your weaknesses are and address them, but you should always take an approach that's tight on costs.

Don't Neglect to Measure Your Business's Financial Health

You need to closely manage the financial health of your business. That involves monitoring whether you're making a profit or loss across the whole of the business, but also looking at the business on the job level: are each of your clients profitable? It also involves measuring your return on investment—in activities, clients, tools, and staff.

We'll look at some of the key financial metrics you'll use to assess your business's health in detail in Chapter 14.



Measure and Review Your Financial Indicators

Understanding cash flow, profit and loss, return on investment, and other key financial concepts is a prerequisite to business success. These concepts, when applied in practice to your business, will give you clear indicators of the success of your efforts, and alert you when something's going wrong. Make the effort to understand these concepts before you go into business, and you'll have a much better chance of success than if you rely on others to tell if key financial indicators start looking problematic.

Don't Just Work Hard—Work Hard and Smart

If you're starting your own business, you'll need to work hard—but you'll also need to work *smart*.

We once consulted to a business that, we discovered, was facing insolvency. When I told the CEO, he was horrified! Then he said to me, “Well, you'll be pleased to hear that I've spent the last week doing the cash reconciliation.” I was stunned. The CEO, who should have been out there saving his business, had spent an entire week doing what would have taken an accountant about an hour!

By working smart, I mean play to your strengths, and have experts help in the areas where you're less proficient.

Be sure to measure your efforts. If you spend \$1,000 per month on newspaper advertising, quantify the benefit you received from it. And if it fails to produce a substantial benefit, stop doing it.

I've often seen experienced businesspeople fail in this area. They're just so busy that they lack the time or expertise to measure the marketing they implement. If their business is going well, they just keep doing what they're doing—even though a huge proportion of it may be a complete waste of money.

Do everything you can, and use every tool available, to make your job easier.

Don't Let Rejection Get to You

You're up for rejection, and rejection hurts. Sometimes it hurts a lot—but don't be disheartened.

Perhaps you've met with a large prospect, and they've indicated that they really want to work with you. You spend days writing a killer proposal, and more time presenting that to the company. Then the contact, who said he was the decision-maker, tells you that the

woman who came in for the last five minutes of your pitch was the CEO—and *she's* rejected your proposal.

Having prospects say no to you is just part of the game. We learn from every experience. Okay, so our proposal was rejected by the CEO. Next time, we'll make sure that we find out exactly who the decision-makers are on the client side, and ensure we have a 15-minute meeting with them to go through the proposal and answer any questions they have. Sometimes, as in this case, the lesson can be harsh, but you'll be a better businessperson because of it—and you will make that sale next time. Keep in contact with the prospect who rejected your work, but for now, learn from your experience, and move on to the next potential sale without losing any more sleep.

Avoid blaming the contact for rejecting your proposal. Step back from the situation, own the rejection, and identify what you could have done to win the job. Talk to the prospect if you can: they'll give you insight into the reasons for the rejection that you'd never know otherwise.

Don't Delay Invoicing

Your cash flow is critical, so don't be squeamish about invoicing. You're in business, and cash flow is necessary to your survival. You need that cash in your account as soon as possible. Consider building a website in the same way you would build a house; no one builds an entire house, then sends off their invoice. Progressive payments are more than just standard business practice—they give you vital cash flow to operate your business.

Agree on a clear progress payment schedule with the client before you start the job. Confirm with the client their responsibilities at the same time, so that everyone knows what has to take place in order for progress payments to be made, and all parties' expectations are clear.

My company's invoicing works like this: we send a seven-day final invoice on the day we complete a job. Often we visit the client to thank them for their business, and hand the invoice over then. If the account remains unpaid on the eighth day, the client is sent a reminder of the overdue account. On the eleventh day, we telephone them to ensure they received the invoice. The client usually commits to a date for payment at this point, now that you've put them on the spot. On the fifteenth day—or the day after they promised to pay—they receive another letter requesting payment.

Keep communication clear and friendly with clients to avoid matters turning unpleasant; as long as you're perfectly clear with the client, there should be no problem. Here's an

actual email we sent a client recently when they failed to meet a progress payment deadline:

Example 4.5. Payment Reminder Email

Hello Jonathon,

Hope all is well. The site is progressing beautifully, and we're thrilled with how it has all come together.

An issue that will hinder development is slow payment from your end. We don't want to develop this site on spec of the money flowing in once the site is live. Our agreement was for another payment to be made one-and-a-half weeks after the first one, and then the third payment (which then completes the deposit amount) one-and-a-half weeks after that.

Please understand that we'll be unable to provide further services until payment is made.

As you know, we've allocated significant resources to complete what we have to this point, and we're not willing to carry the cost of the site development.

I know that you are appreciative and understanding of the work completed so far, but we need to be paid as soon as possible as agreed; otherwise, we'll need to reassign our focus to other clients to ensure our continuing cash flow.

If you have any questions, please give me a call.

Kind regards

Within three minutes, the client responded to say that the progress payment would be made the next day. Avoid making the mistake of delaying your invoicing; believe me when I say that clients respect you more if you're comfortable asking for the money up-front.

Don't Try to Do Everything Yourself

As a small business, you're going to start with a range of capabilities, and, with luck, over time they'll grow in line with your overall strategic direction. But at the start you may lack access to all the skills you need in-house.

Look to find relationships that have strong reciprocity. If you're working with a hosting company, for example, make sure they can agree to send you web design clients who come their way. This approach can help both businesses; multiply it over a number of business relationships, and you have a powerful referral network at your fingertips.

The amount of time it can take to learn a new skill may far outweigh the benefit it provides, particularly in the early days, when you need every advantage you can get. Spend your money when it needs to be spent. Identify the important skills required to build your business, and take steps to find the right person to help you out. In researching potential partners, look for a person you like, who has a good business model, strong references, and a client base that's compatible with your own. We'll look at this topic more thoroughly in Chapter 21, when we talk about taking on staff.

Don't Ever Stop Looking for Opportunities

Opportunities for new projects are everywhere. Don't ever stop seeking new ones.

There will be times when you're brought in on a project to “fill in the gaps”—performing a small piece of work in conjunction with another agency that might lack the capacity to do the whole job alone. That work can then enable you to perceive other opportunities within the business that you may be able to help with. Working in team situations with others servicing a given client is a great position to be in. Make sure you have a seat at the table with the clients when the decisions are being made.

In a similar way, **project rescues**—where your business steps in to save a project that's come off the rails or is headed for disaster—can be very lucrative for astute business owners. Once you've saved the day for an organization, you automatically shoot up to “trusted advisor” status. The next time your appreciative client has a related problem, they'll jump straight on the phone to you. There's nothing like a good crisis to win you a new client.

Secrets of Success

I work with quite a few people who are just starting out in their business-owning careers, and I'm often asked the question: what's the secret to success? Here is what I consider to be the secrets of business success.

Get in harm's way

See what's going on out there, get into the game, and talk to your clients. Seek potential partners, look for opportunities where a project's in trouble and you can solve the

problem, and revise your client selection process with what you learn over time. You have to be in it to win it.

Have a passion for what you do

Unless you're fully committed and love what you do, you simply won't be successful. Only hire people who are as passionate as you, since they'll need to impress your clients, too.

Foster great communication skills

Communicating your vision, enthusiasm, and standards is vital. Learn to be a powerful and motivating speaker.

Build a great team

You may work in an industry where you can do a lot yourself, but it's impossible to do it all. Consider your lawyer, accountant—even your bank manager—as part of your team, as well as the staff you have working on client projects every day. Use the best skills you can find, and the benefits will be substantial. Remember, too, that people growth precedes business growth. As you gather a great team, make sure you provide them with real opportunities for development that reflect their own passions and interests.

Possess absolute self-belief

If you don't think you can do it, you're right!

When clients reject our pitch, we genuinely think to ourselves, "This person has made the wrong decision!" We then review why we failed to get our message across effectively, and fix that problem for the next pitch. You have to believe in yourself to the same degree. If you don't, your clients will see it, and they won't feel confident working with you.

Have self-belief, but avoid being overconfident. Remember the advice of the Clint Eastwood character, "Dirty Harry" Callahan: "A man's got to know his limitations." Be honest about your weaknesses, and fill in the skills or roles you're unable to manage yourself. Stretching yourself can be good, but exposing yourself to undue risk is unwise.

Now, to the final and most important secret to success!

Do something

People are successful because they act on an idea. They have vision, self-belief, energy—and a burning ambition to succeed. They also avoid procrastination: for these people, doing nothing is not an option. Faced with a challenge, they might seek the

advice of a mentor, speak to an expert in their team, or talk to their bank manager. But they act, knowing that putting it off will not solve the issue.

The only difference between us and most of our competitors is that we act immediately. If we're reading *TechCrunch* and we see an interesting write-up of a company, we'll call them to find out what activities they're undertaking, and how we might be able to work together. If we really like something, we reach out and take the next step to be involved with it.

Summary

In this chapter, I've listed the ten actions you should take right now to get your web design business up and running! You now have an idea of what you should do today, with a view to tomorrow.

Fostering long-term business relationships with underpinning clients, and developing a strong client network are paramount to your staying in business. Start a client database, use the tips provided here to boost sales, and your business will still be afloat when you wake up tomorrow!

In the next chapter, we deal with the nitty-gritty of winning your first clients. Where will you find them and what will you say? How will you convince them to buy and what will you charge? Let's answer those questions now.

Chapter 8

Key Relationships

It's often said that business is built on relationships. The relationships you make have the potential to ruin you—or take your business to great heights. You'd better choose wisely.

In this chapter, we'll look at two broad categories of relationships: internal relationships and external relationships.

For internal relationships, we'll ask the questions you need to answer in order to plot out a company culture. Once you've done this, you'll be in a position to make the right hiring and contracting decisions, and find good business partners who can help you grow your business.

We'll then turn our attention to external partnerships, providing some criteria for selecting key business advisors like accountants and lawyers, and exploring the value of finding good business mentors.

Internal Relationships

The most important internal relationships you'll have while running a web design business are those you establish with your employees, contractors, and business partners. When you're delivering projects, you rely on a combination of your staff, freelancers (potentially), and business partners. These relationships are what gives you the capacity to deliver, so developing strong internal relationships is at the core of business growth.

People growth will always precede business growth. If your people and internal relationships aren't developing and growing, your business will be unable to move forward.

With the staff who work in your organization, you want to establish a method of working together as one. Everyone on the team needs to understand what your business is about and what roles people play. You need to develop a culture within the organization to provide the ground rules; these should allow your business to move forward and be resilient in the face of any problems that you might encounter.

The relationships that you have with your staff will be absolutely transparent to your clients. If your staff are unhappy in their work or environment, or in their relationships with other team members, your clients will see that immediately. And ultimately, your client-facing employees will become your most valuable assets in terms of winning new work, building client relationships, and so on.

Establishing Cultural Values

When you're starting out, you need to ask what sort of culture you want in your organization. Here are some of the questions you should consider:

What sort of people will you recruit?

In my business, we have a cultural statement that says "We recruit and retain the best," and we refer to this as we recruit new team members.

What style of communication will you encourage?

My business's approach to communication is encapsulated in the phrase "Talk straight." We respect the right of anyone in the organization to have an open conversation. It's not an invitation to be obnoxious, just that we have a responsibility when we see a problem to discuss it with the people involved.

How will you interact with others on a daily basis?

Our cultural statement on this point is "Empower and trust." We believe that we hire the best, and have open communication, so as an organization we need to empower these people through training, information, and so on—and then trust them to do the job they've been given. In an open communication environment, the trust works both ways: people don't feel scared about asking for help or advice.

How will you develop your staff team?

The statement we use to reflect our approach to staff development is "Continuously grow and improve." This works at an individual level, but also applies to the way projects are undertaken overall. We know that when we start a job, we may fail to get

it right the first time, but we have an inbuilt culture, supported by processes, that lets us regularly look at what's working and what's not, and think about how it can be improved. After a project, we'll have a meeting where we ask how we could have done the same work in 50% or 25% of the time we took. These kinds of "impossible" challenges force us to think outside the box and innovate new ways of working, which we can trial and adapt to future projects.

What's your attitude to competition?

I've often heard web designers say that they're so excited they were invited to tender. Our cultural statement is simply "Play to win." If we don't think we're going to win a pitch, we don't go for it. If we lose a pitch, and it doesn't hurt, we believe we probably shouldn't have pitched in the first place. The cultural attitude is that we should play to our strengths, and that's been embedded throughout the organization—it's crucial to establishing a culture of success.

What's your attitude to your reputation?

We have a cultural statement that says "Aim to be famous." That works at an organizational level—we want to be seen as a pre-eminent organization in the areas we work in—but also at an individual level. We ask our staff "What is your fame agenda?" This encourages individuals to think about what area of eminence they want to grow and own within the organization. In this way, we start to develop eminence across the whole organization.

How will you recognize achievement?

We say "Have fun and celebrate." This encourages us to enjoy what we do, and to look after each other. If a staff member isn't having fun, it's recognized, and we see what can be done to make their working life more enjoyable. When we achieve success, we like to take the time to step back and smell the roses—to enjoy the fruits of our achievements.

While the cultural statements mentioned here might be fine for any professional services business, you need to think about the kind of culture *you* want to develop in *your* organization. What statements or concepts can you use as points of reference as you make everyday decisions in your organization? Over time, you'll find the cultural values you establish can become the linchpins of your organization, and the foundations of your culture.

Creating cultural statements or norms, and sticking them on the wall or on your website is one thing. Living those values through your work is another. Encouraging the people who work with you to adopt those values and apply them, then overseeing their application

in your business is what builds a culture, and what will make your organization persist and grow.

Cultural Values and Your Staff

If you're growing fast, you're going to make mistakes. Often, those mistakes will be hiring errors. The worst thing you can do once you've realized you've made a mistake is to do nothing about it, or try to delay acting. Hire for culture first—you can develop capabilities in the right people, but it's difficult to change mind-sets and attitudes to your organization's culture. A team member who doesn't fit into your culture can be like a poison to your business—avoid this risk.

Involve the team when you're hiring. As your business grows, they'll likely have a better idea than you about who will fit the culture and who won't. Once, we hired a new project manager for my business. She started on Monday. I was interstate for a few days, so on Thursday I went to see how she'd settled in. Another project manager came up to me, and I asked her how our new starter was faring. "She's gone," said my colleague. "What?" I asked. "What happened?"

My project manager explained that during the job interview, our new recruit had told us all the things she *could* do. But once she'd started work, all she talked about was what she *couldn't* do. The team had met with her at the end of the third day and told her they didn't think the situation was working. She agreed and left.

In this case, we'd made a poor hiring decision, but the team felt such ownership over the culture that they dealt with it themselves. This kind of situation engenders ownership of the organization among staff, as they take responsibility for its welfare and success. If you can establish your staff as a self-cleansing unit, you know you have a really strong culture, with the right kinds of internal relationships in place, and a great platform for success.

The key to building such a strong culture is transparency. If the owners are transparent about the broader business strategy and results, the opportunities that are emerging should be clear to your employees. You should be having regular employee meetings once a week, fortnight, or month—whatever suits. In those meetings, discuss the broader objectives of the business.

It's very easy for employees to be caught up in their own worlds, and lose sight of the bigger picture. As the business leader, remember that you'll need to say something over and over to staff in order to embed it in their minds. Present the business's results in terms

of its goals, so that all the team members understand and can buy into the business's success.

You'll never be successful singlehandedly—you need your staff, and you need them to buy into the organization's journey. Your ability to be transparent, honest, and factual is a very powerful way to retain employees and help them grow and understand what they're part of.

Remember also that staff will gauge your mood. They'll consider what you say, and whether you live up to those goals. A key part of establishing the culture is your actions, expressions, and moods, your reactions to problems, and your management style. No matter what you say about your culture, your behavior will play a large part in what develops. The most important characteristic for a business owner is integrity—and your staff can see it. A bad attitude will fester throughout your organization, impacting your staff culture as well as the type of clients you attract. Integrity and trust are what make businesses succeed in the long term.

Contractors, Freelancers, and Culture

Frequently, you'll find a project calls for a specific skill that you lack in your organization, and you're not in a position to recruit for a full-time role. You need a contractor or freelancer.

When you're dealing with skilled outsiders, ask the same questions about whether potential candidates will fit your culture: do their values reflect your values, and will they be able to follow the processes and approach that will enable them to work as part of your team?

As your business matures, your employees may go out and set up their own small businesses. We've found that the best contractors we have are our own ex-staff who are now freelancing or have started their own businesses. Often, we'll send these individuals work that's too small or inappropriate for our business to complete.

The key with contractors is not to cut corners just because you need the skills on board. Recruit them with the same care and to the same standards you'd apply to hiring a permanent team member. Make sure they'll fit in, and have the same approach to clients as your team does—as well as having the capability to complete outstanding work.

With time, you should be able to build a database of contractors and freelancers who you know work well with your team and clients. This resource will allow you to expand the footprint of the work you're doing, as well as its volume, without having to shoulder the

burden of extra full-time wages. As you can see, it's crucial that you choose contractors and freelancers wisely.

External Relationships

Over a period, you may find that you need to build partnerships with other providers: software providers, hosting companies, and so on. Few beginning web design businesses have the full capability to provide end-to-end services to customers, so you'll likely need to choose some business partners at some point.

The key considerations around choosing partners include:

- Are they flexible?
- Do they listen to you?
- Can you have open conversations with them?
- Will they support you in preparing proposals for new work?
- Do they refer clients to you?

Rather than having relationships mushroom at random, try to think strategically and ahead of time about the kinds of skills or services you'll need. Then seek out a couple of suppliers in each category who have compatible cultures, will reciprocate with work, and so on. These networks can help you very quickly scale up your business for minimal risk and investment.

Advisors

Your business won't operate in a vacuum. As we saw in Chapter 2, you'll need to develop key external relationships with an accountant, a lawyer, and a bank manager.

The key criteria you should use to choose these relationship partners are skill and knowledge. The person you choose should have skills that you lack, but they must also understand the business you run. When you're seeking a lawyer, look for one who works in the technology industry, or is used to working with web development companies. The same applies to your accountant, banker, and mentors. Trust will always be a key part of these relationships, in terms of your comfort in having valuable, frank discussions with them about your business. You also want to ensure that they're interested in seeing you succeed—not just in having you pay larger fees.

In assessing a potential advisor, ask yourself:

- Do I like them?
- Are they interested in, and curious about, what I'm doing?
- Are they more focused on my problems or their fees?
- Can they add value beyond their technical capability? For example, can they advise me of industry developments, help me run my business more profitably, and so on

Business Mentors

One of the problems that you face when running your own business is that often there's no opportunity to find someone to talk with about the issues you face. You may not necessarily want to talk to your staff about how you feel or what's concerning you. A business mentor is really valuable at these times: you can have an open discussion in an unemotional state about the issues you face. Remember the old saying that a problem shared is a problem halved? Frequently, challenges that seem like a mountain to you will be old news to—and easily overcome by—your business mentor.

As such, they can become a really valuable sounding board for your troubles, as well as new ideas and possibilities. This person could be your accountant, lawyer, or bank manager, but it's useful to have more than one mentor. I'd suggest that your key advisor relationships are important, but look beyond these to find another business owner who's been successful and might be interested in mentoring you.

People who've been successful like to help others, so don't be shy about approaching a potential mentor. You may only see them once a quarter, and often they'll only be too happy to help. It's useful to find a mentor from your industry, but you can also learn a lot from people outside your industry; you can take their approaches and adapt them to your own operation.

What you'll likely find is that 80% of the business problems you face relate to people—staff and clients. People outside your industry can provide a fresh perspective on these issues, so it's good to balance an industry mentor with one from another walk of life.

Summary

This concise chapter has tried to give you food for thought around the topic of business relationships. As we saw, the right business relationships can help you found, run, and grow your organization. They can also beget extremely satisfying, worthwhile experiences throughout your life. Take care to choose the right people to partner with.

We began this chapter by discussing internal relationships, and covered the task of developing your organizational culture in detail. We also discussed some examples of culture in action, and saw how it should impact your freelancer, contractor, and external supplier relationship strategies.

Then we looked at the key criteria you should review in choosing an accountant, lawyer, and bank manager for your business, before discussing the value that caring, engaged mentors can add to your business.

Good relationships don't happen by accident. They take time, commitment, and mutual enthusiasm. Now you've read this chapter, you're on the right path to systematically and intelligently building internal and external business relationships that will help your business succeed.

Chapter 13

Managing Web Projects

One of the hardest tasks that you'll encounter as you run your web design business is the challenge of quoting a job, delivering that project in line with the quote you've made, and creating a successful outcome that's profitable for your business. Tying an estimate of the level of effort you'll need to expend to complete a job to the actual delivery of that project in a way that exceeds client expectations is almost a black art.

The one essential tool you'll need to master this is a project methodology: a set of ground rules that you use to run the projects you take on.

In this chapter, we'll look at why your organization needs a project methodology, and briefly explore a couple of methodologies that are most common in the web development industry. We'll consider the ways in which methodologies can be refined to suit different situations, ensuring that you can deliver projects consistently and profitably.

Why Methodology Matters

To begin to master the art of project management, you need to step back and look at how you'll run your projects, price them, and ensure you deliver on time and on budget with a result that your client wants.

This is the starting point. A methodology will give you a standard way of delivering projects. It will let your team work in a consistent way, and ensure you have regular documentation and project artifacts for each job. It will also help you preempt risks and respond to problems during the project's execution.

In developing a methodology, you need to map out that end-to-end process, considering each of the steps you'll take with your clients. How will you quote, set up a project, report on your progress, and deliver a successful outcome each time? These steps will come to form a methodology that will reflect how you'll run your projects.



Remember to Plan for External Parties

If a project is going to require you to work with an external provider, such as a hosting company, it's important that your process also takes that work into account. You'll need quotes from those providers, confirmation of their availability, and consent that they'll be part of the project management process. As well, it's wise to identify how you plan to communicate with those suppliers and partners.

Web projects typically contain many moving parts, and the earlier you can lock down the details of these factors, the smoother your web project will run. There have been plenty of web projects in which elements like hosting and load testing weren't completed, because they were overlooked during the planning phase.

On the upside, if you can develop good working relationships—and process methodologies—with these external suppliers, it'll go a long way to helping you deliver on every web project you undertake. You'll also be in a position to potentially learn from their processes for dealing with different types of projects or clients.

Of course, the way you go about your project planning will have a direct impact on your project pricing, and your ability to justify or rationalize your project quotes to prospects. It will affect your business's operation, including staff scheduling, project timings, and so on. But it will also make scaling up your operation easier. As your business starts to grow, the common knowledge that your first three team members shared almost innately about running projects will need to be formalized. This is the only way that new team members will be able to follow and apply the same approach consistently.

As you begin to move into more innovative work, or operate in new areas, your project management methodology will become more and more important. Even when you experiment, a sound methodology will help you keep control of elements like costs and time, while providing a proven framework for project delivery.

Common Project Methodologies

There are plenty of popular project methodologies, and any large bookstore will stock many titles in this area. However, the two most popular philosophies at work in the web industry are the waterfall process and the agile method.

In the **waterfall** method, the project's phases are staged to occur sequentially, one after the other. Once the strategy is completed, the project requirements are gathered. Next, specifications are drawn up, then development takes place. The project is built, tested, and finally deployed. In the waterfall methodology, one phase must be finished before the next can begin. This fairly conventional model of project management is well-trying and tested, but it can be slow in terms of delivering a project outcomes.

The other method, which has its roots in the web world, is the **agile** method. Here, the focus is on delivering short, sharp iterations of the project, and learning as you go. So your development team might work to produce a key piece of project functionality quickly, review it, work out what needs to be improved, and do that as a second iteration—which may also include more features, or linking the functionality into a second piece of functionality. They then review that iteration, identify what improvements can be made on it, and complete another iteration. The process continues until the piece of functionality is agreed to have been fully developed.

Most web companies prefer the agile method, but often, you'll need to create a hybrid between the two, because many clients will be unable to deal with the uncertainty that's inherent in the agile methodology. The majority of clients are more interested in understanding the end product they'll receive—and knowing what they're getting for their project budget—than they are in watching a project's outcome become more clearly defined over time.

So, for example, with an agile method, you might create a budget up front and agree with the client to deliver as many of the the priority requirements as you can through the agile process. While this ultimately may be cheaper and more effective, in many cases it fails to provide the client with the certainty they desire before they sign off on a project.



Choose One!

There's no need to feel you're reinventing the wheel when it comes to project methodologies. There are plenty of approaches out there in addition to the two mentioned here. Do your research, speak to your team—but don't labor this decision. Choose a methodology, and use it!

The starting point for your methodology will be the process you map out for running each job, which we'll look at now.

Project Assessment

Armed with a general idea about the basics of project methodology, let's move through the process stage by stage. The first step that you, as the project manager, must take upon receiving an initial proposal is to assess the project. This assessment typically involves a few considerations.

Undertaking a Risk Analysis

A key part of any project management methodology should involve undertaking a risk assessment up front, before you start the project. You have a project plan to ensure that you're aware of any risks, and that you have strategies to deal with them in case they eventuate. In first reviewing a project, you need to identify and assess the risks involved. My business's assessment includes factors such as:

- the type of business we're dealing with
- the prospect we're dealing with
- the technical expertise of the prospect
- whether there are any technical risks involved, particularly if the project requires us to work with new technologies, or ones with which we're unfamiliar
- our ability to complete the job within certain time frames, and whether there are any deadlines—such as a product launch—that can't be moved
- the availability of the resources required to complete the project
- whether we'll need to rely on third-party suppliers to complete any aspect of the job
- the prospect's ability to pay
- the project's profit potential

Think very carefully about the financial risks involved in areas that you're unfamiliar with or the risks associated with the organization itself. A project for a government department is usually perceived as being low risk, while, conversely, a project for a speculative builder may carry considerable risk.

The risk assessment should be undertaken proactively with your client, but take care when discussing risks with your client. Try to boil client-related issues down to the facts, and speak in practical terms, without emotion. Invite the client to tell you about any roadblocks or problems they've had in getting the project off the ground; this can provide a good opportunity for you to present any concerns you may have, for example, around the risk of sign-offs being delayed in a multiparty stakeholder situation.

A sound risk assessment combined with mitigation strategies is a necessary tool for the success of your web projects. If you hit problems during the project, you'll be able to go back to this initial methodology and identify what needs to change. With time and experience, you'll become better at predicting risks, and at planning such strategies.

Those mitigation strategies—your responses to various risk factors—are a crucial consideration. For instance, if a project required highly specialized work that few people could complete, we'd need to identify the risk involved if the person we contracted to do the work unexpectedly became ill or unavailable.

When thinking about strategies to respond to a given risk, ask yourself the following questions:

- What would our response be?
- What are the repercussions of being without a technical expert?
- What's the worst possible outcome?

Once you understand the risks associated with managing multiple projects, you can establish an appropriate price—one that ensures the ratio of risk to benefit is within a reasonable range.

Methodology Compatibility

Consider the sophistication of your client's project management capabilities, and compare it with your own. Ask your client about their internal project management processes, how they document and report on project progress, and so on. A few simple questions will give you a clear idea of whether the organization uses structured processes, or flies by the seat of its pants.

If there's a mismatch, have a think about how you can introduce a level of sophistication—either to your own organization, or to the client's. If both businesses employ structured processes, you can discuss your methodology with the client and explore the ways in which you can optimize your compatibilities. You may even learn a thing or two from each other along the way.

If the client is flying by the seat of their pants, you have the opportunity to introduce a layer of discipline to their approach. Often, when we've been in this situation, the client has appreciated the input; it's helped them improve their processes, and ultimately become part of a positive client experience for them. So positive, in fact, that in some instances they've hired us to help them adopt a project management methodology across their whole business.

Putting in the planning up front, communicating it, and then obtaining agreement from all parties—your staff and your clients—about how the project will be undertaken will produce enormous benefits. The runaway train project is usually the result of processes and responsibilities not being clearly laid out at the outset.

Preparing to Quote

We talked about how to quote in Chapter 5. But quoting is more than simply putting a price on the project and sending it off to the prospect. Your overriding concern must be your ability to complete the job—and complete it profitably. Following are the steps involved.

Identify the skills you need, and check their availability

Establish the skills and team members necessary for the job. You'll have to plan out the resources you require and understand their associated costs. Once you've estimated the cost, you can move on to draw up a complete budget for the project.

Let's say you're pitching to develop a site that will be ecommerce enabled, and for which you'll write all the content using the bare-bones information supplied by the client. The critical expertise needed to complete this job might include:

- graphic artist
- web designer
- programmer
- copywriter

Your first consideration would be to ascertain which of your staff members have the skills you require. Then, you'd check on their availability for the project, as well as each person's ability to complete the project's components within your required time frames. Finally, you'll need to ensure that you can integrate the various parts of the job smoothly.

Ask contractors for quotes

If you're using contractors, and the talent you require is ready, willing, and available to complete the project, ask them for price estimates. Once the contractor quotes are received and approved within your budget, you can go ahead and quote the cost of the whole project to the client.

The key issue here with quoting is that you communicate your needs perfectly to contractors. There can be no doubt about what the job requires and, importantly, when

those inputs are needed. Quality assurance on each project is critical, and communication with your stakeholders is an integral part of that.

Prepare a simple cash flow budget for the project

The objective here is to identify where your money is coming from and when, as well as where and when it's going out. Your estimates will most likely be based on your industry experience, quotes provided by your contractors, and the payment schedule you'll agree with the client.

Be aware at this stage of the time-quality-cost trade-off depicted in Figure 13.1. A client may request a top-quality job done quickly at low cost, but the triangle reflects that you can only have any two of these factors at most in one job. You may be able to do a high-quality job quickly, but it won't come cheaply. You can probably complete a project quickly and at a low cost, but the level of quality of the outcome will suffer. And you can create good-quality projects at a reasonable price, but it will take time. Keep this philosophy in mind as you prepare to plan any project.

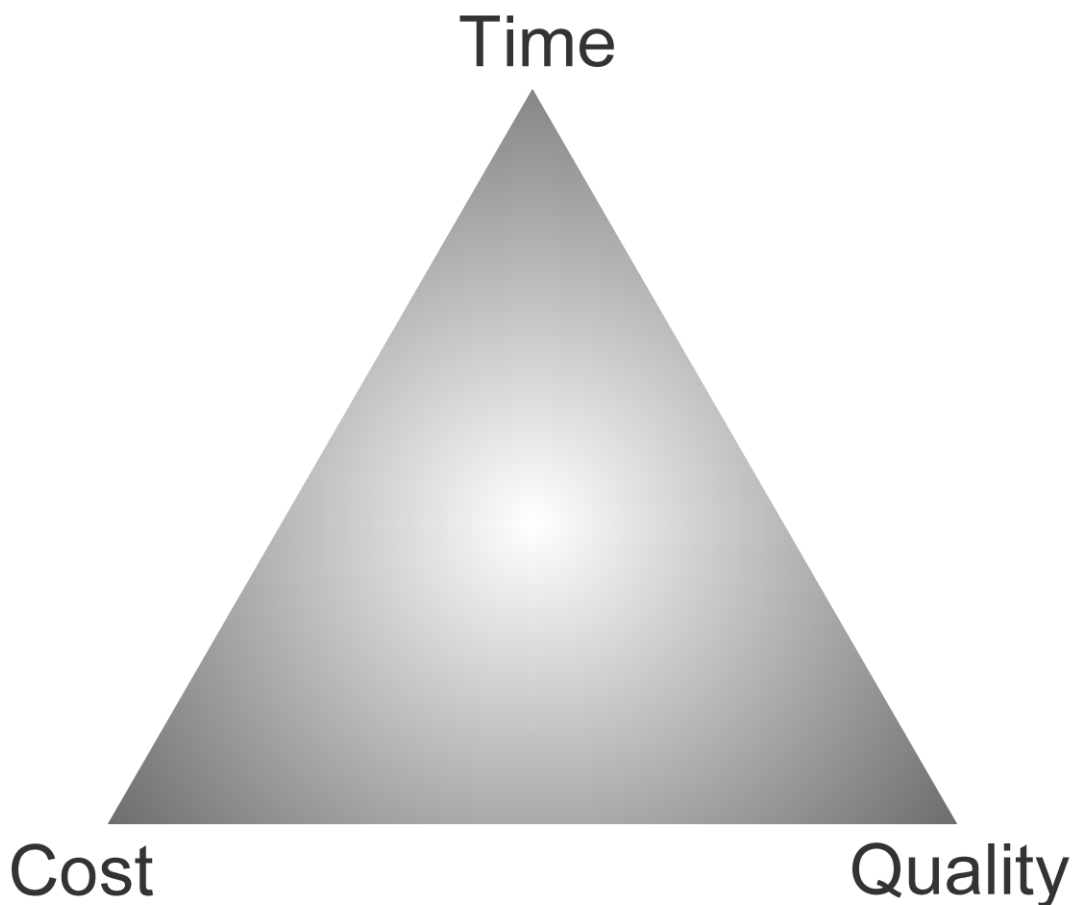


Figure 13.1. The time-cost-quality trade-off

Now that you have your resources lined up, you should have an excellent idea of your cash flow situation. You're in a position to give your prospect the well-thought-out quote we discussed in Chapter 5.

Planning Team Communications

Planning your communication strategy from the project's outset is a must. You need to know how, and when, you'll communicate with your team, and with your client.

Here's a simple four-step plan of the basic approach you might take.

Specify the desired outcomes of the project

A clear set of goals is, of course, an essential part of your communications strategy. Document exactly what was agreed with the client, and have the client sign this document prior to commencing the project. Ensure the client understands that any deviation from this agreement will represent extra work outside the agreement, and additional charges will apply accordingly.

Identify the requirements of achieving your goals

This will help you put together a time frame for action. The requirements and the time frame, along with the related milestones, will need to be clearly documented and communicated to your team and to the client.

Decide on your mode of communication

You know what the desired outcome is, and what you want to say—but how will you say it? Communicating these expectations clearly to your team is a must. With multiple projects, the distribution of information to the various stakeholders can be a significant challenge, so document the lot! We'll look at specific project communication tools in Chapter 14.

Measure the effectiveness of your communications

Are you meeting your project milestones and goals? Measure and tweak the communications process or tools as required.

Working with Time Frames

Another consideration for any project manager, after their staffing and resources, is the project's time frames. As simple as it sounds, working to a deadline involves much more than just circling a date on your wall planner. Let's see exactly what's involved.

Estimating Completion Dates

The first step in estimating project completion times is to conduct a comprehensive review of the project and its requirements. You might find it best to break every component down into its parts, estimate the time each will take, and then add the individual estimates together. Once you have a little experience behind you, it will become easier to assess the time required for different tasks.

When scoping a project, we always plan the time frames separately for each individual part of the job. I use a simple Gantt chart to estimate the time frames involved and the steps to be taken in each project. Table 13.1 provides a basic example of how we might set out a project in the very early stages.

Table 13.1. Gantt Chart Representing Project Milestones

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Briefing meeting	X					
Design outline	X					
Hosting setup	X					
Obtain all graphics		X				
Design draft		X				
Design edits		X				
Design approval			X			
Configuration of scripts			X			
Update meeting			X			
Obtain testimonials			X			
Develop site copy			X			
Usability testing				X		
Training of staff				X		
Technical review				X		
Uploading of site					X	
Launch						X

Although this is a rudimentary example, it shows how you can easily conceptualize your project's progress. Once you list the various components of the job, you can move on to allocate time frames to each component, bearing in mind that some aspects of the project will be integrated into others.

From this point, you can establish an overall time frame for the project's development. Keep in mind these points when you set your time frames:

- Expect the unexpected; always allocate additional time beyond what you think each component will take.
- It's much better to deliver a project early, rather than late.

Once you've developed time frames for all your projects, it's a simple matter to create a comprehensive timeline incorporating the milestones and deadlines for all the jobs you're completing. From that schedule, you'll begin to see where and how you may be able to integrate various components of different projects to lessen the burdens of each job, and take advantage of the logistical benefits that multiple project management provides.

Working to Deadlines

Working within set time frames becomes even more important when you're managing web development projects. Ensuring smooth site development is a matter of pulling together many different components. If any of those components—for whatever reason—are unable to be added to the mix at the precise moment at which it's required, the entire project can come to a grinding halt.

Estimating the duration of an activity is easy enough, especially as you'll discuss each phase with the relevant staff members. The hard part is sequencing all the activity to occur at the required time. As much as we might recognize this, and as much attention as we pay to this goal, it's nigh impossible to always have your team members working in perfect sync. Problems will occur, and they usually do so at the worst possible time. It's a rare project where everything goes perfectly to plan, so expect the unexpected. As vigorously as you may work your team to meet its deadlines, you won't always succeed, so you allow some flexibility for those occasions when it fails to go to plan.

In my business, we do this by providing staff with the brief and a very firm deadline. Within this deadline, we allow ourselves a day or two of contingency for the unexpected. Then, when a problem decides to strike, we can remain calm, knowing that we have some flexibility in the schedule. If you know you have some time to deal with an issue that arises without compromising the efficiency or quality of the site development, you can meet your schedules and provide the best-quality work.

Delegating Tasks

Though we've discussed it in a general sense, effective delegation plays a major role in successful project management—in fact, it's the essence of the task.

Delegating the various roles involved in a project takes a great deal of confidence, and requires communicating crystal-clear instructions. If the person who you're delegating a task to knows exactly what's required, life will be a lot easier.

Here are my eight top tips for delegation:

- Educate the team member about why the task is important—this will help you elicit a firm commitment to the task from that person.
- Set clear objectives and goals.
- Supply the team member with all the resources required to review and complete the task.
- Give the person the authority to do the job; then, leave them alone to get on with it.
- Encourage the person to come to you with any questions.
- Monitor progress at prearranged times and in ways that have been previously agreed to.
- Provide feedback as required.
- Recognize the valuable input and success of the person who you delegated the task to.

Accounting for the Human Factor

If you take time to understand the capabilities of the resources you have available, you'll minimize the chances of projects swerving off track. Control over your schedule, however, requires not only that you understand the capabilities of team members, but that you're able to integrate project components at the appropriate stages of development.

We mentioned the personnel side of risk management in the section called “Undertaking a Risk Analysis” earlier. If you know the skills and ability of each team member, you can be confident about the quality of the project's outcomes. You'll be in a better position to stay within time frames, as you understand the strengths and weaknesses of each individual, and tailor your management style accordingly.

The advice to expect the unexpected in project management is highly applicable when dealing with your team, and your clients. Things do go wrong, people will let you down, and computers do crash—taking valuable data with them. Again, factor in additional time to meet these challenges; if you don't, you'll be pressed for time when disaster inevitably strikes. And when you're under pressure, you're more likely to make mistakes.

Setting Priorities

Successful project management means that the job is completed, to a more than satisfactory standard, on time. To get the job done, you'll need to prioritize its various elements. As project manager, you're charged with identifying the priorities—a fundamental element of project success.

Knowledge is power. As the manager, only you will have an intimate understanding of what's going on with the projects you're managing.

Managing Multiple Projects

Managing multiple projects involves multiple risks and multiple time frames. You must manage multiple team members, multiple stakeholders, and multiple resources. Taking care of all that means your delegation, prioritization, and time-management skills will have to be first rate. Problem solving, lateral thinking, improvisation, and risk taking will all be required as you overcome the challenges involved in the management of concurrent projects.

To effectively manage parallel projects, you must first know the goals of each project. Once you understand these objectives, your success will depend largely on your ability to balance resource management, risk management, scheduling, priorities, and time. The complete process involves six basic steps:

- identify and establish the objectives
- establish what you need to do to achieve these goals
- identify and establish priorities
- establish time frames for the integrated projects
- start managing
- conduct an ongoing assessment to ensure that goals are being met

Running multiple projects requires a solid team structure. I always include the team as a major element of our risk assessment. The quality of the work you produce always reflects the quality of the team you use.

It may be risky to allocate certain parts of a project to previously untested personnel, but we've found this to be a critical component of long-term success. It's a case of always pushing our team, ensuring that each member of our staff are multiskilled, so that we can continue to grow the scope of our business and produce excellent results on each job.

Ultimately, managing multiple projects is no harder than managing just one. Sure, there's more work to do, but, with a clear differentiation between jobs, and an understanding of how they integrate together, multiple projects are manageable. The key is communication. Along with effective delegation and empowering the appropriate people, good communication makes managing multiple projects no different than managing a single project.

Managing Multiple Relationships

Managing the web project itself is easy enough—it's managing relationships that's difficult! Relationship management is the critical component that will have a major impact on a project's success.

Business is about relationships. People will deal with you if they like you, and you'll deal with people if you like them. As you develop working relationships, you'll soon identify what helps motivate the people you're working with. Armed with this knowledge, you can hone your dealings with team members to gain maximum productivity and achieve the best results possible.

Giving Team Members Ownership

It's essential to give your team a sense of project ownership. Not only does this improve the quality of the project outcomes, but it contributes towards a much smoother work process. I try to encourage this sense of ownership by including the whole team when developing the proposal, particularly in the creation of that aspect of the job that's relevant to them. We involve them as much as possible, and provide positive feedback for their input.

We also give team members bonuses on a regular basis for top-quality work. Extra money here, a bottle of wine there ... it all helps create a positive experience for our staff, and promotes a strong sense of commitment to client work.

Empowering Team Members

An empowered person has the ability to make their own decisions and take control of what they're doing. Empowering people within your team, whether they're employees or contractors, can add value to a project and take a load off your shoulders.

Of course, you need to know and trust the person very well before giving them this additional responsibility. Some people thrive on the added trust and freedom, while others don't handle the pressure. As a business operator, I want people who can take the initiative and run with it. We provide the environment for this to happen, but obviously we need to assess how effective it is among the team.

Adapting Your Methodology

It's essential that you have a strong, flexible project methodology, but understand also that you'll likely need to adapt your methodology to suit each individual client and the nature of their projects.

Let's look at what that means for you. Think about the reasons why a client might come to you for help with a web project. There are basically two reasons:

1. They could do the work themselves, but they lack the available staff to complete it; so they need you to augment their own capability with your capacity.
2. They can't do the work themselves, because they have no internal capability in that area, and they need you to provide both expertise and capacity.

In the first case, your organization will likely be in the position of **order-taker**: the client knows what they want, and asks you to build it for them. You take their order, and fulfill it.

In the second scenario, you're the **order-maker**. You need to work with the client to identify what it is that they want to achieve, and how they'd prefer to go about reaching those goals. Then you'll need to prepare an "order"—a project plan—that leads the client through the process of creating an outcome that will achieve their goal.

Identifying your role in the project, as order-maker or order-taker, will help you to define a project methodology that meets both your client's needs for certainty and your own needs for profitability. In effect, your role in the project will help you determine which methodology may suit the project best.

Adapting as an Order-taker

If a client has approached you with a specific project that's well-documented and the requirements are well understood, you'll be the order-taker. Since everything's clearly identified—or will be with a little work—you could run either a waterfall or agile method. This project type may be less flexible, but the benefits are that you're working with a client who knows what they're doing, and what they want, so it's a lot easier to deliver in this situation.

In these cases, running the project can be quite easy. You can work with the client to determine the project methodology and process—along with the timings and deliverables,

the project artifacts or evidence, communication types you'll use for the project, and so on.

Since the client probably has some experience with this type of project, they may have their own processes or methodology in place that they want you to follow. This means that you'll need to adapt your own methodology to mesh with theirs, but the good news here is that most clients will use the waterfall methodology—so there's no need for you to create a whole new approach.

These projects often entail a lower degree of risk than less clearly defined jobs. Your client's prior experience with the project type means they'll tend to take more responsibility for the project specifications, requirements, and so on. Since everything's clearly defined up front, you can easily quote for the whole project; however, these types of projects rarely let you be the best you can be, because the client effectively sets the rules for the project boundaries, and you simply follow them.

Adapting as an Order-maker

Imagine a client comes to you with a more nebulous project; they're seeking an outcome, but they're unsure quite how to get there. Perhaps they've heard the hype about social media and set up a Facebook page, but it's not working that well. They know they want to “harness the power of the crowd” through social networks ... but they have no idea of what that really means for them.

This kind of situation is very different from the one we talked about a moment ago. Here, you're the order-maker, rather than the order-taker.

When our business is faced with this kind of project, we adopt the following approach. First, we recommend a small piece of work that involves creating a project strategy and scope. In the order-maker model, you're going to take the client on a journey, so it's a good idea to produce a road map that explains the process you'll go through with them, and how it will work.



Scope and Strategy Starting Points

When we go into a business as an order-maker, and we're looking to create an initial scope and strategy for the project, the first thing we ask for is the client's business strategy.

Then our clients almost fall off their chairs. So few web developers are interested in making their work support the client's overall business goals, but this is our point of differentiation. More than that, though, it provides a great starting point for us to understand where the client is coming from, and what kinds of results they're after—even if they can't clearly articulate them themselves.

The key purpose of the scope and strategy work is to educate the clients, and provide them with some certainty about the project. It also allows you to identify which project management methodology should be used, and how the project should be run. In proposing a separate scope and strategy phase, it helps you to avoid the situation where the client expects that you'll do that research and leg-work for free in order to formulate a proposal for their web project.

This approach also has one other great benefit: it provides both you and your client with a get-out clause for the job. By providing a scope and strategy first, you ensure that nobody's committed to a large expenditure up front; this is necessary at a time when there's no certainty about the project, and providing a definitive quote or timeline would be almost impossible.

If this is a medium to large project, within that scoping phase we'd create a **project charter**; this sets out the client organization's objectives, our strategy to achieve them, the roles and responsibilities on both sides, the team members who'll undertake the work, the communication model, the ways in which we'll define and measure progress, the project timelines, and so on. All this information combines to let you provide a detailed project quote.

As you're considering the project methodology you'll use in an order-maker model, you should get a feel during the course of the scope and strategy engagement about how the client likes to work. Does the client want a lot of certainty, and require a step-by-step approach, or is the client willing to take an iterative approach where they can get an outcome out the door relatively quickly, and build on it through an ongoing development model? If they're happy to take an iterative approach, an agile methodology is a good way to go. If they decide they want to have a project with a clearly defined start, outcome, and

finish, it would be better to run a waterfall model, even if you run agile processes internally to create each stage of the project.

Your other consideration, regardless of which methodology you'll use, is what steps you'll take in each phase of the project. You'll need to identify the points of contact in the project—delivery dates, the types of deliverables, and sign-off points—that will give you and the client some certainty and transparency about the project's progress.

Communicating Methodologies

You've selected a methodology for undertaking the project—it might be the waterfall model, a hybrid that lets you use the agile method internally while meeting cascading waterfall-style milestones for the client, or it may be a completely agile process if the client's happy with that.

The next step is to communicate that methodology to your clients, and to your staff.

Communicating Your Methodology to Clients

By communicating your methodology to the client, you remove any uncertainty as to how the project will work. You help the client to understand their responsibilities in the project; what they can expect to see as project evidence, and when; and how much work you'll be doing to achieve their desired outcome.

This is why it's essential to communicate your methodology, and the best place to do it is in the project proposal. Avoid leading with your methodology, though; instead, start with an explanation of the way the project outcomes will help the client achieve their business goals.



Setting the Start Date

While many web design businesses may not have all the resources available to start work on a project as soon as it's won, often they start the project anyway, and add resources as they become available.

One piece of advice we usually give our clients in this situation is to delay the project's start date until all the team is available. Ensuring that you've set the project's start date to match the resource availability is a smart strategy that can help you avoid delays and distractions from day one. Starting with a clean slate and an enthusiastic, available team is the ideal way to commence a new project.

As we saw in Chapter 11, the level of detail to include in your proposal will depend on the audience; while some clients will skip straight through the methodology, if there's a project manager on the client side, they'll definitely want to see details on how the project will work. For this reason, you may consider including a detailed statement of your methodology as an appendix to your proposal.



Explain How You'll Handle Change Requests

As you move through a project, invariably your client will come to you with change requests—ideas they've had that they want to add to the project. In my organization, we adopt the mantra: “say no to the reasonable request.” You may think, “it's just one change!”, but change requests can quickly accumulate, adding significant new dimensions and time requirements to a project. For this reason, every request—even the most reasonable ones—are scoped and quoted as separate pieces of work in our organization.

It's so crucial that, as part of your methodology, you have a process for handling and approving change requests and variations. Again, place this information in your proposal so that the client is aware of your expectations and processes for change requests from the outset.

You may find that as part of the engagement process, the client wants to discuss with you how the process will work. They may also ask for aspects of the approach to be altered. That's fine—it's all part of the process—but without putting your methodology forward, you leave the client with considerable uncertainty. That uncertainty can come back to haunt you in the future.



Exceed Client Expectations the Right Way

We've talked about the importance of exceeding client expectations. Avoid doing this through the use of freebies—like change requests—or by cutting corners on your methodology to reduce the project cost. Both measures can lead you very quickly onto thin ice in terms of the project's profitability and, potentially, your ability to deliver.

Instead, exceed client expectations with service. Do it by establishing a really good strategy, suggesting ideas that they didn't realize were possible, and delivering results that blow their expectations out of the water.

Communicating Methodologies to Staff

All your staff members need to know how they'll be expected to work on projects, so it's important that every person who works in your organization understands your methodology.



Everyone's a Project Manager

I believe that everyone in our organization needs to have a level of project management skills as a core competency. If all staff are working on projects, they all need to understand how our project management methodology works. It's not just the job of the Project Manager—you may not be able to afford a full-time PM anyway! Everyone in the team should be involved in managing the project.

First, agree with your senior staff on the methodology you'll use. Then, make sure that when you induct new staff, they understand how the process works, and what sorts of events and deliverables they can expect to see as they work through a project. Ensure that your staff adopt the methodology themselves, understand how it affects tasks like proposal preparation, and so on.

As the team starts to scale, you'll find that items like template documents and other tools will help everyone to adopt, and adapt, your chosen methodology more smoothly. Templates are therefore very helpful in inculcating your methodology across your organization in an operational sense—for freelancers and contractors as well as your permanent staff. A thorough, systematized induction process is also recommended, ensuring that every new starter is on the same page as your existing team members.

Everyone on your team must understand the importance of the methodology as a framework for getting the job done—whatever job that is. If it's well-planned, your methodology should be capable of being appropriate for any project, big or small. In larger projects, you'll likely need to apply the methodology to a deeper level of detail, and in smaller projects you may be able to truncate some aspects of the process. Your staff have to be able to perceive those different needs, and adapt the methodology accordingly. The only way they can do that is by learning the methodology, and applying it in practice.

Of course, over time, your methodology will evolve as your client base and the nature of the work change. I hold regular team meetings in which we review the way our methodology is working on different projects, and consider altering our templates or procedures if we find that, over time, they're becoming less effective.

Ultimately, everyone who works on your projects needs to appreciate the value of your methodology, and understand that although it may add a little to their daily work overhead, that effort will repay itself many times over for them as members of your business. Communicating that at induction, and on a daily basis by example, is the key to creating that understanding.

Keeping On Track and Organized

Of course, once you're managing multiple projects, it can become complicated. You face deadlines at every turn, are swamped in agreements and sign-offs, have milestones coming up fast ... and that's just the start of it.

You must be organized with your project management, or your professional life will be a nightmare.

When it comes to project organization, do whatever works for your business. We use a combination of Gantt charts, project sheets, wikis, and web-based forums to keep track of who's doing what, which milestones are due, and the overall progress of our projects. Following are the key steps involved in managing a project, and some proven strategies for managing each one. Try them, and see what works for you.

Planning

The essential element of project management is effective planning through the stages to completion.

First, break the project down into sections and then subsections. When your project is in smaller chunks, you can very easily identify what needs to happen, what resources have to be allocated, and what time frames should be adhered to in order to facilitate a smooth transition into the next phase.

Documentation

Minimize your trial and error by documenting the processes as they develop. This way, you'll have the opportunity to see where any issues are.

A key part of project organization is to have *everything* documented. Our unofficial motto is, "If it's not documented, it doesn't get done." It really is that simple.

Document every part of the process, from the agreements with contractors, to quotes, to expectations, to dispute resolution ... everything. Only with clear and concise documentation can you have a clear and concise path to your ultimate goal.

Implementing the Plan

Successful implementation requires good communication. If you can communicate each team member's roles and responsibilities effectively, the chances of your project running

smoothly are significantly improved. With the allocation of duties to each team member, we generally break each task up like this:

Action to goal

This provides full details of the action to be undertaken and the goal to be met.

Accountability

It's made clear who is responsible for the completion of this part of the project.

Time frame

A clear date is assigned for completion. Importantly, we also detail progressive milestones to facilitate completion by the assigned date.

Putting this planning strategy into effect means that you can potentially have hundreds upon hundreds of things happening at once. Keeping all your pieces of the plan together can be complicated, and this is where some trusty software comes to the rescue. We'll talk more about tools in Chapter 14.

Reporting

I've hammered the point about constant communication throughout this kit, and I'm about to do it again. An informed client is a happy client. An informed web designer or programmer is a happy web designer or programmer. And an informed project manager is a happy project manager.

Reporting is an essential element of that communication, so let's look at it in more detail.

Internal Reporting

The project manager needs to be kept informed at all times. Regular and concise reporting is essential, and you must establish the rules for reporting as early in the project relationship as possible. The reports need to be relevant to the job you're working on, and include enough detail for you to make informed decisions.

For example, it's unnecessary for the programmer to give the project manager a technical overview of the database development in a report. The project manager simply has no need for that information; all they would be required to know is whether the component's development is on track, and if the component is working as required. Nothing more, nothing less.

The take-away from that simple example is that the project manager must communicate exactly what they need and expect to find in each report. Only then can they make sound decisions based on all the relevant data.

To establish consistency in your reporting, I'd suggest developing a template that can be used by all people reporting to you. With a template, you'll find that your team can be shown, step by step, how to provide the information you require, in the right format. A template can be invaluable to assure the quality of the reporting and will make project management much easier.

Client Reporting

I've found that progress reports, especially those in which we compare the project's progress to the Gantt chart time frame, are an excellent way to keep the client abreast of all developments.

As ever, first identify what your clients want, then give it to them. If the client wants you to send through a one-page report once a week, do it. If they want a 20-page document each week, provide one. If they require a telephone call once a week, call them. Identify these aspects early in your assessment, and include the associated costs in your quote.



Reporting Made Easy

An effective web-based way to report to your client is offered by Basecamp, which we discuss in detail in Chapter 14.



Reporting Takes Time

Some reporting, particularly to major companies, requires many hours of work every week—and you need to have built this into your quote. It's too late to realize when the project is half-finished that it's taking you four hours each week just to compile the regular report for the client.

Effective reporting can improve the quality of the project and, ultimately, contribute to its success. Use every tool at your disposal to ensure that clients receive the exact information they require.

Project Evaluation

At the end of the project, it's important to undertake a form of evaluation—otherwise, you'll never know if you delivered what the client needed or not.

When we finish a project, we undertake a number of reviews. First, there's our internal **post-implementation review**, which involves all the team members meeting to discuss the project; they share what problems they had, which aspects went smoothly, and so on. In this review, we usually discuss ideas for improving our approach: we might ask the team how we could have done the job faster, or for a smaller budget. This kind of thinking helps us to innovate and develop processes that keep us ahead of the competition.

I also send an independent team member—who wasn't working directly on the job—out to the client to obtain feedback on our performance. In this review, the team member asks the client how happy they were overall, on a scale of one to ten. If the client answers eight or above, we can be fairly sure we have a strong advocate in that person. We can almost rely on them recommending us to contacts in their own networks. If they're a very happy client, we take the opportunity to ask them if we can use their story as a case study for our blog.

Finally, a few months after the project has finished, the team leader contacts the client to find out how everything's going. Three months is usually a reasonable amount of time for the client to gather results and identify whether the project has had a favorable outcome. By following up at this point, we can measure the success of the project from a client-business perspective, and feed back the positive results into our client case study. If they've yet to achieve the results they expected, we can take steps to help rectify that, which, in turn, helps keep our clients satisfied long after they might have expected to be dealing with us.

These forms of project evaluation are crucial to maintaining client satisfaction, evolving our processes, and supporting our organization's passion for client service. Never cut corners on this phase of a project.

Summary

In this chapter, we've explored one of the cornerstones of a successful web business: the project methodology. We learned about the benefits that a robust, flexible, and scalable project methodology can deliver to your business. We also explored two common project methodologies: the waterfall method, and the agile method.

Next, we saw how the intelligent adaptation of your project methodology can enable you to create successful outcomes for different client types, and all kinds of projects—from the well-defined to the vague. We discussed the tasks involved in assessing a new project and working out a project plan, including time frames, that minimizes our risk. We discussed the often tricky business of managing multiple projects, and looked at the ways

in which we can adapt a standard project methodology to meet the needs of different clients and projects.

As we saw in this chapter, communicating to clients and staff about your methodology is critical to the successful running of your projects. If you don't explain your methodology, but gain buy-in from team members and clients, you might as well be flying blind. Use the advice provided in this chapter to ensure everyone who's involved in your projects understands their roles and responsibilities, and can see a defined path to project completion.

Finally, we looked at the nuts and bolts of keeping your projects on track. Organization is paramount to the smooth running of any web project, so don't neglect it. In the next chapter, we'll delve further into this topic, to look specifically at the project management and task tools you can use to stay organized.

Chapter 18

Future-proofing Your Business

Future-proofing—the process of anticipating future developments and preparing for them accordingly—should be a core aspect of your business strategy. It’s especially important in the digital field, where technologies change almost as quickly as their applications.

If you’re a one-person operation, and you’re just starting out, at the very least, you’ll want to protect your business against obsolescence. But as your business begins to expand, you’ll find yourself waking each morning to face the ugly specter of risk. You’re attracting more clients and growing your staff, and the value of your business is increasing. Failure to future-proof your business, could mean losing it all.

In this chapter, we’ll discuss what you need to consider in future-proofing your business. First, we’ll step through the basic elements of future-proofing and familiarize ourselves with a model that you can use to frame your thinking. Then, we’ll discuss how you can choose emerging technologies or concepts with which to experiment, and explore the process of moving new ideas from the realms of wild fantasy into the everyday, bread-and-butter business of your organization.

Innovation is central to the idea of future-proofing, so we’ll spend a large part of this chapter investigating the steps you can take to foster a culture of innovation within your organization, and among your team members. Then, I’ll address the key steps you’ll need to take in de-risking your future.

First up, though, let’s find out what future-proofing is all about.

Future-proofing Basics

In the web design world, the pace of technology change continues to increase. Unfortunately, it's quite easy for your business to get stuck in a time warp. The way you make your revenue today may suddenly become commoditized, leaving you with no way to charge for service provision.

Think about the task of building a large-scale website with a content management system. Back in the early 2000s, it would have required installation, configuration, and a significant amount of work. There would've also been work around setting up hosting environments, sourcing content, and so on. These days, there are many open source content management systems on the market, and they're largely preconfigured with most of the features your clients need. Hence, your ability to earn revenue from this kind of work is significantly reduced.

Example 18.1. Too big to fail?

Back in the nineties, the world's major business consultancies developed huge capabilities around SAP implementation, and SAP became the dominant enterprise resource planning software system used in large businesses. There were limited, extremely specific skills in the field, and the system was massively complex, requiring a lot of configuration. As a consequence, the rates consultancies could charge, because the skills were so rare, were high. Massive businesses consisting of several thousand people were built around this technology.

Then, as more people developed skills in the area, and offshore companies offered those skills for significantly lower rates, the SAP-focused consulting business fell apart in a matter of months. What these organizations had failed to do was work out what was next. The staff base was deeply specialized, making it virtually impossible for those consultancies to adapt quickly to market changes. The bigger an organization is, the more likely this kind of scenario becomes.

The speed at which technology can be commoditized is often terrifying. This means that you need to focus on the future as well as the present, and find ways to future-proof your business: to reduce your risks of failure due to a lack of vision, and an inability to adapt to change.

Which areas of work need to be focused on in the next 12 months? From what areas do you think the next generation of business opportunities will develop? Is the work you're currently completing starting to become a commodity? Questions like this mark the starting point for your journey towards a future-proof business.

As a web business owner, you must always retain a focus on major future trends, and try to find **lead clients** who are prepared to work with you in exploring these developing market spaces. Academic Eric Von Hippel¹ talks a lot about the importance of finding lead clients; they're the people working on bleeding-edge projects that will enable your business to grow and move into new areas. Not every client is going to be a lead client, but if you can find two or three clients who are willing to push the technological envelope, they'll be crucial to helping you drive into new areas.

But let's step back for a moment to consider those future trends themselves. As we write this book, some of the new areas we're seeing emerge are mobile apps; developing for tablets such as the iPad; social media; and data analytics and visualization. How can you perceive, grasp, assess, and manage these opportunities in a way that ensures your business is future-proof?

The Three-horizon Model

Vaguely considering a new technology that you read about in an article last week is not the way to future-proof your business. You need to take a systematic approach to creating an innovation pathway for your business.

To manage these kinds of opportunities, many businesses use the three-horizon model shown in Figure 18.1.

¹ <http://web.mit.edu/evhippel/www/>

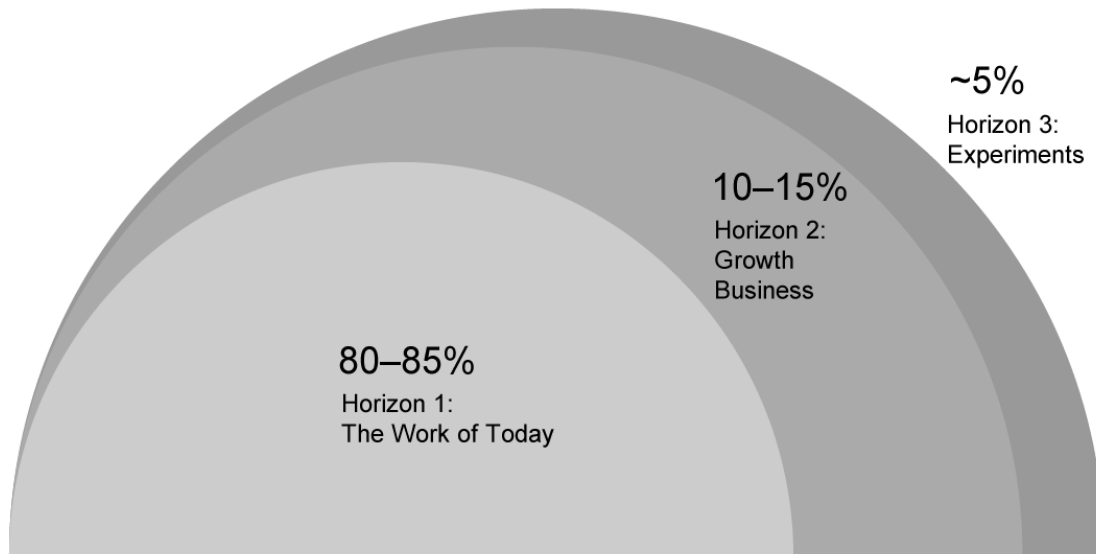


Figure 18.1. The three-horizon model

In this model, you have three business horizons:

- Horizon 1—the business of today (mainstream work)
- Horizon 2—the growth business (work in areas that are leading the industry forward)
- Horizon 3—embryonic experiments (projects at the bleeding edge of the industry)

In the mid nineties—to use our content management example—managing content using a CMS, rather than using a series of static HTML pages, was considered bleeding-edge. As more CMSs started to emerge, organizations who provided this capability on a large scale were at the leading edge. CMS-based websites became mainstream, but still required a lot of work to create, and generated a lot of business for the industry. Today, CMSs are largely commoditized; it's difficult to make money selling your own CMS solution.

Every component of the work you do in the web space is likely to move towards being commoditized. So you need to constantly look at your overall portfolio of work and ask yourself if you're doing one or two bleeding-edge projects; for example, a site that uses a crowdsourcing model and open APIs. If you are, great! Keep looking for projects in that space. Otherwise, you'd better get out there and find some lead clients who are keen to complete bleeding-edge projects.

Don't expect the Horizon 3 clients, or their projects, to be your most profitable; it's more about the opportunity of working with visionary clients willing to try new things and letting you cut your teeth at the same time. Often the projects will be among the smaller

jobs you'll be working on as you try to get your feet wet, learning more about the technology or discipline. But once you have good work examples and references, you can use your new skills to attack the market and differentiate yourself from your competitors—organizations who may be seen as unable to take their clients forward.

The second horizon has your leading-edge projects; at the time of writing, that might involve a cloud-based strategy or development for mobile devices, for instance. And in the first horizon are the mainstream commodity services: building websites, incorporating video, social media integration, and so on.

The danger of not future-proofing your business is this: if you become stuck working in a mainstream area that becomes commoditized, and you have no capacity to deliver the work that your clients want—such as a mobile app—you may find that your clients begin to look elsewhere.

Example 18.2. How's the future looking?

I was speaking to a reasonably sized web company recently, and I asked about the work they were completing in the mobile space. They told us they had yet to do any work in that area.

It seems to me that as mobile devices become the dominant means for accessing the Web in developed countries (it's already at that point in many developing nations), this company is in a precarious position. Increasingly, as they try to win work, they'll find themselves up against more forward-looking web companies with a stronger list of qualifications, and risk missing out on work.

You should also be aware that if your people are working on mainstream projects during the day, but carrying out bleeding-edge personal projects at night, there'll be a disconnect between the work they want to do and the work they have to do. Therefore, future-proofing is more than just protecting yourself against a loss of clients or revenue; it's also protecting your business against a loss of staff. The combination of having clients who will push your business forward and staff who are continually growing in the work they do gives you a strong future-proof business.

The key consideration when you're working on bleeding-edge projects is to find clients with a sense of vision. These are clients who understand that if they're doing something that hasn't been done before, or is being developed in a fledgling area, it'll be more difficult,

so they'll need to be more agile. For this reason, a risk-averse client probably isn't a good bet to lead your business's growth into the second and third horizons of the future.

What you want to gain from working in the bleeding-edge spaces are:

- learning opportunities for your business
- learning opportunities for your people
- a client who you can reference, so that when a new client comes to you with work in that space, you have the qualifications for the job

Another way to future-proof your business is to adopt technologies in your own business in order to cut your teeth. You might use mobile apps, devices with a touch screen, or augmented reality; or enter competitions (or run internal competitions) in other emerging disciplines. This also demonstrates to potential clients that you're already working in this space.

Alternatively, you could future-proof by working from the mainstream end of the equation. You might see an opportunity to commoditize an aspect of your mainstream work in some way. Returning to our example, if you were commoditizing CMSs for the first time, you could look for a way to create pre-formed templates for various business types that would allow them to self-serve. You'd also be looking at a subscription or licensing agreement model, so that you could leverage the IP and effort you put in over the longer term.

There are some standout cases of software-as-a-service development that have succeeded very well; however, we've found that most web design businesses are more focused on servicing clients and delivering projects than on working in the commodity space, which can be quite difficult. Still, it is an option for future-proofing.

Choosing Your Targets

So, you've decided to use the three-horizon model to plan ahead and future-proof your business. That's great. We use the three-horizon model to help us manage and select new technologies, disciplines, and concepts that we work to move into the mainstream of the business. But how do you go about the hard task of actually predicting, or preempting, the adoption and value of innovation within the mass market?

Here, we need to ask ourselves, "What's happening in the market? What are people talking about most?" Looking at leading media—*Wired* magazine, *MIT Tech Review* magazine,

and tech blogs like *Tech Crunch*,² watching TED talks,³ and so on—and attending conferences is a good way to keep abreast of the new developments emerging right now in the digital space. If you run a web design business, you need to be across what's going on in your industry. You may not read every news source every day, but you must be aware of, and able to understand, those trends as early as you can.

For a web design business, around 80-85% of your activity should be in the business of today, generating profit and growth, while 10-15% of your work should be focused on finding clients who are working on Horizon 2 projects. Naturally, the work you're doing on Horizon 2 projects will eventually move into Horizon 1, becoming the meat of your output.

This leaves us with Horizon 3. In this area, you're completing a series of embryonic experiments. You're trying new things with new technologies. You're speaking with a client who's keen to approach the market in an alternative way, or use technology differently to run their business. These experiments are completed at a low cost, and quickly. The focus is on learning and understanding whether there are any opportunities for this kind of work further down the track.

Such projects are frequently born out of ideas that you or your team come up with internally, or ideas that clients discuss with you. Currently, my business is spending a lot of time discussing with our clients the different ways in which iPads might be used within their business or sector. For example, we see iPads having potential in the real estate industry, where people are out at a location, without a computer.

If you're a real estate agent and you have an iPad, you could annotate property notes with client feedback in real time, as well as tempt them to visit other properties on your books using rich media applications.

² <http://techcrunch.com/>

³ <http://www.ted.com/>



Nurturing Internal Ideas

The ideas that you and your team members have internally can be excellent sources of new experimental projects. In my business, we run a program called Quick and Dirty, where we ask employees to write down ideas they have for interesting prototypes or experiments on our wiki. Staff then form small teams of two or three people to develop the ideas quickly, in their own time. The teams then present their work to the rest of the staff at a monthly meeting, explaining the idea and the way they'd approached their solution to it.

This is a great process: it gives our team members experience in working together on innovative projects, and is a great way of diffusing information across the rest of the group. Plus, of course, you have a demonstrable outcome at the end of the experiment.

Some ideas, like the real estate app for the iPad, can be difficult to prototype quickly, but you get the idea: consider ideas, pick out a few, and focus on developing examples quickly and cheaply, without making too much of an investment on any one option. After all, these are speculative projects, and the degree of risk can be high: you want to gain a feel for whatever new areas you've chosen quickly.

If you can find clients—or you have your own ideas—that fit into Horizon 3, running a short, experimental project is a great way to create an outcome. We believe that 3-5% of your business should take place in this space. If you have staff who aren't working on a client job at any point, or aren't fully utilized on client work, you can use them to help you develop projects in Horizon 3.

Moving Projects to the Mainstream

Completing projects in Horizons 2 and 3 is only half the battle, though; how will you turn the right projects into growth engines for your business? Or, if you're feeling ambitious, how can you use those experimental projects to disrupt the business model of today?

The answer to this question has two parts. To move projects into your business's mainstream, you need to look externally, at clients and the market, and internally, at your own processes.

Clients and the Market

Your Horizon 2 work is client-funded. To move this into your business's core work, you need to focus on finding lead clients who are interested in working in these emerging growth areas, then on building up strong references as you develop your capabilities in

these areas. These concepts and technologies *will* become the business of today, and it's up to you whether you integrate them into your business before your competitors do.

Usually, we consider the work we do in Horizon 2 has around two or three years in that space before it becomes mainstream. That's our window of opportunity for developing strong capabilities in those areas.

Horizon 3 projects may require some investment from you, although most of the time you'll want to at least break even on these experiments, if not make a profit. If you do invest in them, you need to ensure that they don't become runaway trains. Be sensible about the way you approach these projects.

One of the most common traps I see in web design businesses—when they begin to play in Horizon 2 and 3 arenas—is that they become confused about whether they're a product company developing a new product for the market, or whether they're a web design business that services clients. There's no right or wrong answer there; we've seen companies like 37signals make that transition very well. However, many businesses in this position find that they're putting so many resources into developing products that they begin to neglect clients, or fail to win new clients, and their revenue suffers accordingly. As we've seen, Horizon 2 and 3 projects are less profitable than those in Horizon 1.

The answer here is to find the balance: if you're serious about future-proofing your business, you'll realize that short-term survival is essential to your long-term strategy. But you'll also need to make sure that you maintain relevance, and that you have the skills to lead clients into new areas. That's what will keep your business alive and thriving in the long run.

Your Internal Processes

The other aspect of bringing your speculative and leading-edge work in your business involves your own internal processes and project methodology. What often hurts web companies is that their processes break down when working on these more innovative projects, and they end up with a runaway train: they're just unable to finish the project, or get it right, and they lose thousands trying.

To avoid this scenario, you continually need to develop your processes and capabilities. As your business grows, you'll require more processes, so that each new person you bring on board knows how tasks are done at your workplace. But you also must ensure that your processes and your way of delivering projects are also keeping pace with change.

How can you do this? Again, use the three-horizon model to help implement these process changes. One idea that might fit into Horizon 2 or 3 for your business could be using open, collaborative systems to communicate with clients. While many web design businesses may already do that, it might be new for your business. You can apply the same approaches that you would for developing, for example, skills in mobile app development, to building your experience with ideas like collaborative project management.

You can identify the areas in which your processes need to evolve to fit a new project or work type through project post-implementation reviews, client service interviews, and instilling a philosophy of continuous improvement and open communication among your team members. If you use these techniques well, they'll be invaluable in helping you hone your methods, keeping your business competitive, helping you maintain profit margins, and avoiding losses on work.

Example 18.3. Tying It All Together: Clients, Processes, and the Future

When I took over the running of a web design business, I found that they were very good at client relationships and winning work, but their approach to project delivery had moved almost to a cookie-cutter approach. I felt that while that model had been successful in the past, the world was changing fast, and this focus on the past wasn't helping us to adjust.

The challenge I had at the time was that staff would say to me, "We're not a dot-com startup. We're an established business—we're different." I felt we needed to be able to exploit the core business and the capabilities we had at the time, but we also needed to explore and develop our capabilities that were relevant in the future.

This philosophical shift was difficult to manage, but we got there. A key part of that shift was learning to say no to work that was unprofitable or too competitive. One area that I consciously decided to avoid was e-learning projects. While that had been a reasonable portion of our business—and had been quite lucrative—clients tended to require a lot of maintenance and were slow on delivery; in addition, we had few profitable clients in that area since we were competing against service providers who had commoditized their offering. So I decided to stop working in this field, and made conscious decisions about what we needed to start doing.

Continually ask yourself: What do I need to stop doing? What should I start doing to maintain my competitive capability? These questions are key to making sure that you're future-proof.

Fostering a Culture of Innovation

To really keep your business ahead of the curve, you'll need to foster a culture of innovation. While not everyone who works in your organization will be among the world's greatest idea-generators, everyone in your business has a role to play in innovation.

For example, your project managers may be among the most risk-averse people on your team, and some may not be strong innovators. However, if they're good project managers, they'll be able to help you implement innovative ideas in practice. So recognizing that everyone across your organization has a role to play in fostering that innovative culture is extremely important.

There are two components to this equation: from a business perspective, you need to look at the processes you put in place to facilitate innovation. But you should also support and encourage your people to innovate.

Facilitating Innovation: Three Models

One of the primary techniques I use to support innovation on a day-to-day basis in our organization works like this. At the start of the year, we create a pool of time—maybe 1% of our available hours—for innovative projects. We then ask staff and clients for ideas, and look at the ones we like the most. Then we allocate team members to work on that project, pulling the hours out of that time pool we created. This structured innovation model provides some space for people to innovate; it has let us devise a method for identifying what we believe the best ideas are, and engenders collaboration across the group; it also lets us treat those projects as real projects, with real outcomes, instead of being hobby or side-projects.

Let's step through an example that shows how it works. An idea came in about sourcing feedback from crowds in real time; for example, during a workshop or presentation. One of my team members came up with developing an app—which we ended up calling Crowdswell—that aggregates the simple positive and negative feedback input by audience members logged into the system, and shows that on screen for the presenters.

When this idea was first identified, we could see that it was applicable to a range of the work that we did—both internally and for clients—so we put a small team together, and had them spend a few days developing the application. Soon after, we ran a webinar within our organization, and tested the app with 15 people. This test helped us refine the way audience feedback was interpreted and aggregated, but also highlighted that we needed to be able to build a question feature into the app; as the presenter spoke, indi-

viduals could submit questions, and a voting mechanism would allow the crowd to either reject certain questions, or put them forward to the presenter.

In short, the process was:

1. Identify the idea
2. Assess it
3. Allocate some time to its swift development using your best team members
4. Conduct a real-life test to obtain results
5. Refine the project
6. Sell that project type into the market

In planning to facilitate innovation, consider the approaches taken by the most innovative companies. You may hear of organizations, such as Google, that let certain team members spend 20% of their working week on any project they like; in my view, innovation can happen anywhere in your business, and all your team should be involved. The more diverse the pool of thinking and skills that's applied to innovation, the better the results will be.

Then, there's Gore,⁴ the company that makes GORE-TEX, as well as the world's best guitar strings, space suits, and so on. In that company, people who have ideas are charged with the task of recruiting others in the business to help develop those ideas. If more than three or four people really like the idea, they can obtain permission from the business to work on the idea either part-time, or full-time for a limited period with the financial support of the company.

Alternatively, you might consider using the crowdsourcing model of innovation—seeing if the development of any of the ideas you have can be put to an interested crowd, or the open innovation model—where you seek ideas and prototypes from anywhere, and provide the platform for execution. Apple, for example, didn't develop all iPhone apps in-house. It opened its API and is now letting developers from all over the world shape app development.

No matter how you foster innovation, some elements of the process remain constant:

- Have a broad pipeline of ideas
- Never pin all your hopes on any idea
- Use rapid prototyping to prove your concepts at low cost and in a short time
- Ideas that fly will fly; let the others die

⁴ <http://www.gore.com/>



Further Reading

If you're serious about the future of your business, and the industry, we recommend you read widely in this area. Consider:

- *Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers* by Geoffrey A. Moore⁵
- *The Alchemy of Growth: Practical Insights for Building the Enduring Enterprise* by Mehrdad Baghai, Stephen Coley, and David White⁶
- *The Art of Innovation* by Tom Kelley⁷
- Eric Von Hippel: <http://web.mit.edu/evhippel/www/>
- Terri Kelly: <http://mitworld.mit.edu/speaker/view/1021>

Engendering Innovation: People and Possibility

Having a process for handling innovation is essential to your future-proofing plans. Needless to say, people are, of course, crucial in fostering a culture of innovation.

Apply the notions of future-proofing and innovation through your mission statements, business plan, and company culture. Not only do you need to be explicit and say it, you also need to encourage your staff at all times to look for better and smarter ways of working—creating solutions and delivering them.

A key component of this approach's success is to learn about your team members' passions, and have them explore those passions in their work on ideas for innovation. For instance, if you have an employee who loves the mobile space, have that person prototype the next mobile idea you or your clients come up with. Let them feed their passion back into the team, expanding the sense of ownership, expertise, and knowledge within your business.

⁵ Moore, GA, *Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers*, Harper Business, New York, 1999

⁶ Bahai, M, Coley, S, and White, D, *The Alchemy of Growth: Practical Insights for Building the Enduring Enterprise*, Basic Books, New York, 2001

⁷ Kelley, T, *The Art of Innovation*, Crown Business, New York, 2001



Supporting Passion Internally

My team uses Yammer, an internal microblogging platform, to share cool and innovative information they've discovered in their fields of interest. It's quickly become an invaluable tool for distributing information that actively supports innovation within my business.

Rather than formalizing your encouragement of innovation among staff members, give your team ownership of the areas they really love; give them the tools to propagate, share, and spread information on their passion.

Avoid hiring one-trick ponies or people with commoditized skills when you're looking for new staff. Instead, hire people with the newest skills, and the ability to adapt and learn.

When we hire people for our business, I'm more interested in high-level skills than the toolkits the individual team member might currently use. We're also interested in a candidate's proven ability to adapt and change with technology over time. This way we can be assured that as technologies change and our business evolves, the team members we have can evolve with us.

Have a look at the T model shown in Figure 18.2. This represents the breadth and depth of the skills that a single individual has. In our business, we try to hire staff with a breadth of skills in critical areas—communication, project management, and so on—as well as a depth in their key technical capability. If we do require an expert with a specific skill set in one technology, we employ those specialists on a freelance or contract basis.

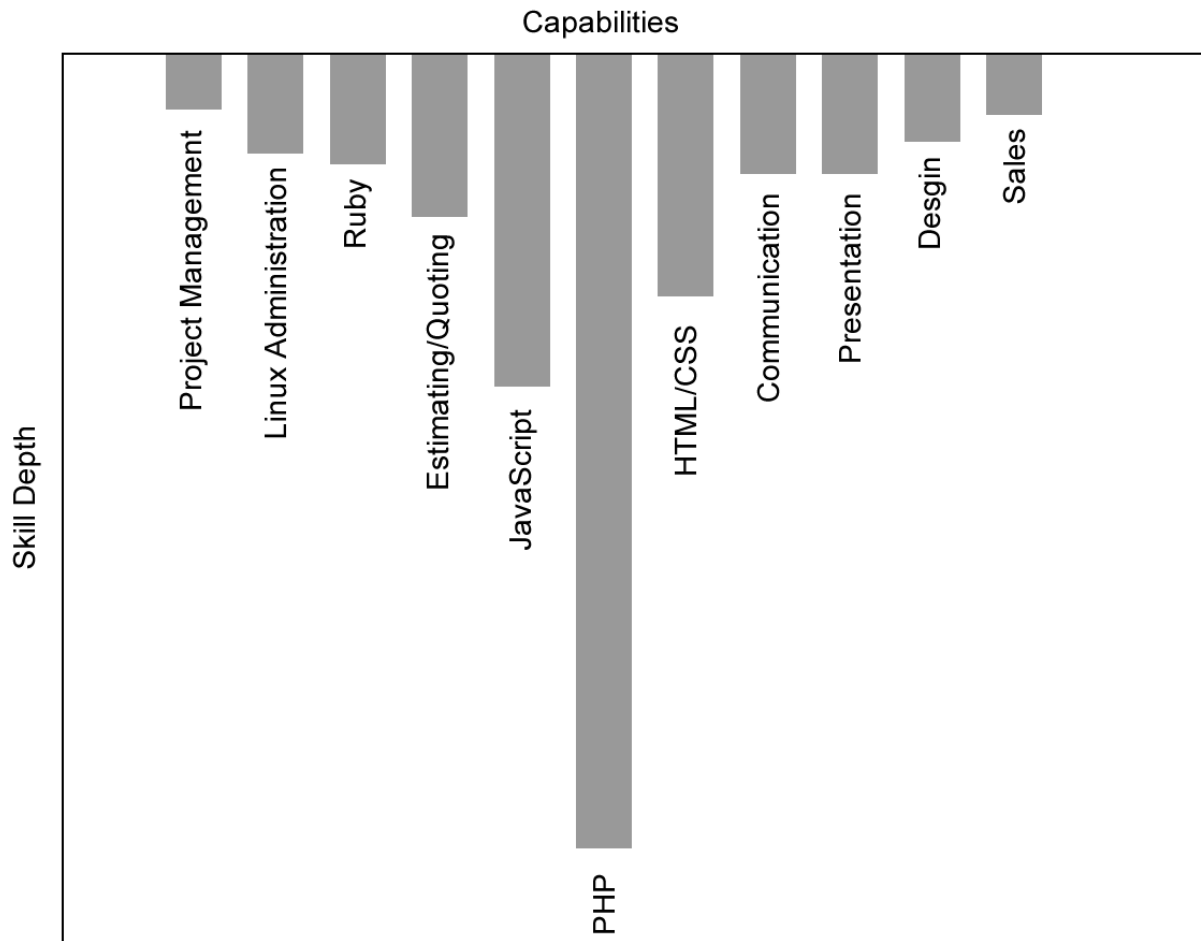


Figure 18.2. The T: a Model for Assessing Staff Capabilities

Put an innovative culture in place. Choose the right people for your team. Align your peoples' work to their passions. Provide the tools for information to flow freely through your organization. Let people gain status as experts in their areas of interest, and give them the opportunity and support to win work in those fields. These fundamentals are essential to reducing the risk around innovation, and ultimately, to future-proofing your business.

De-risking Your Future

The paradox of future-proofing is that it entails risk. Innovation is risky business, but there are a number of ways you can reduce the risks you face as you work to future-proof your business.

Firstly, when you're developing Horizon 3 projects, don't ever throw everything you have into one innovative idea. Pick the ideas you like the most, and see how quickly and

cheaply you can produce a prototype to bring them to life. Not every idea you have will be a winner—many may fail to work at all. Experiment with a range of ideas, and be disciplined about which ones you take forward. Will your idea really work? Will it scale? Be prepared to fail fast, and fail cheaply.

Once you have an idea prototyped, put it in front of a client. See if you can gain some market interest to help you take your idea further, rather than funding the development—and assuming all the risk—yourself. Avoid becoming emotionally invested in any innovative ideas: your role as an innovator is to see which ones will lead your business into the future.



Take a Tip from Thomas

Thomas Edison created more than 2,000 materials tests before he found the right metal to use as the filament for his electric lightbulb. That's a lot of tests—and a lot of failure. Rather than be wedded to any specific idea he'd had about what the filament should be made from, he tested his ideas cheaply, and discarded each option as it failed.

In de-risking your future-proofing efforts, you'll need to maintain the right balance of clients. You'll require a stable of underpinning clients with ongoing, complex needs and a propensity to outsource web work. By building strong relationships and gaining references and referrals, you'll reduce your risk of failure in the short term. Next, look to augment those clients with some lead clients who, while not having ongoing needs, are looking to push the envelope. This way, you'll secure your business into the immediate future, while building your skills and experience into the long term.

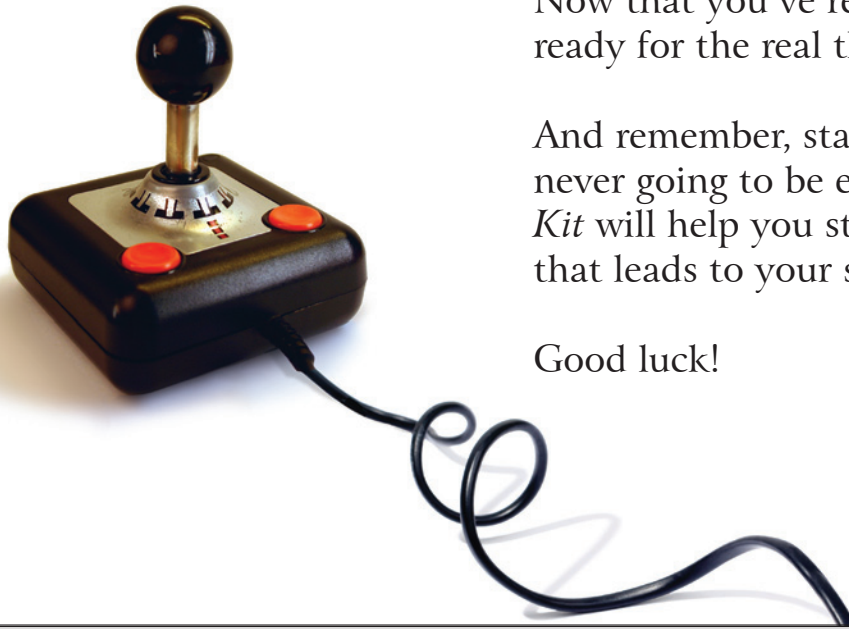
Finally, de-risk your skills base as much as possible. Hire and support staff members who have the skills you need, and who can adapt to new technologies, concepts, and markets as your business evolves and your clients' needs change. Give them the encouragement and tools they need to be innovative, and you'll soon find them essential to your future-proofing efforts.

Summary

Are you feeling inspired about your prospects for creating a future-proof business? You should be! This chapter began with an explanation of the basics of the task, and provided an invaluable, widely used model that you can use to understand the nature of your business. This model will also provide a clear picture of which portion of your work is innovative—helping to future-proof your business—and where you need to do more future-proofing work.

Next, we looked at the ways in which you can select bleeding-edge technologies and concepts, and work to move them from the flights-of-fancy category to the everyday-work category. What we're talking about here is taking your dreams and making them part of the work you do every single day. That's exciting stuff. To really make it possible, you'll need to foster a culture of innovation in your organization, and that will require that you adopt a model for facilitating innovation, as well as hiring and supporting your staff to innovate every day, at every possible opportunity. That may sound like a big request, but with the techniques we discussed here, it is possible.

Take the Next Step with Us



Now that you've read the sample chapters, you're ready for the real thing!

And remember, starting or running a business is never going to be easy. But *The Web Design Business Kit* will help you stay on the right path—the one that leads to your success!

Good luck!



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