

## **ESSENTIALS: Retiree Small Business Short Course**

### **Eight Essential Exercises for a Vital Business Strategy**

#### **Introduction to the Course**

Welcome to Retiree Small Business! Helping Retirees Escape Boredom & Find Purpose Through Entrepreneurship!

Retirement Reinvented: Start Your Own Business & Thrive!

#### **RSB Course Overview**

These step-by-step courses are designed to help retirees start their own business in a fun, practical, and low-risk way. With no prior business experience required, participants will explore business ideas, create a simple plan, learn essential marketing techniques, and manage finance effectively. The courses feature exercises, and actionable takeaways to keep learners motivated. At its most basic level, your new business will be expressed only through action.

That's why we created the Essentials course. Some of you don't have an hour a day for 40 days spread out over eight weeks. Some of you want to figure out what's happening with your new retiree business life in the next 24 hours.

With Essentials, you can do that. It's not as detailed as the Business Mastery course. It's not supposed to be. But it will take you through the process to analyze your new small business basics.

Who knows? You might even find out you're farther ahead than you thought!?

"Essentials" can be completed in one small businessperson's working day: 10 hours. Or you can spread it out upon your convenience. You'll want to make sure you have

- a fairly quiet place to work,
- scratch paper if you're a doodler,
- minimal distractions,
- your bills and bank statements from the last quarter,
- pencils, pens, erasers, and a printer ready to kick out a few copies of each of the worksheets.

There are eight exercises to this course. Most will take an hour or so. A couple of them could take two hours. But this is all "vital sign" stuff. Don't bypass any of the exercises and try to do them in the order they're presented. It really will work better for you.

You don't need to read any more introductory stuff. The clock's running. Go for it.

## Exercise One: Your Business and Your Default Settings

*The goal: By the end of this exercise, you'll determine whether running your own business really resonates with your default settings.*

By definition, “default settings” are *the computer or software settings made by the manufacturer, which will remain in place unless you decide to change them.*<sup>1</sup>

So what about your default settings? Do you know what “wires” you the way you are today? Do you want your personal defaults to remain in place, or do you need to change some of them?

Are you really wired to have your own business? If after you finish the exercise that follows you discover that your default settings won't support a business venture right now, I want you to be honest with yourself. Don't force this business-for-yourself thing. It could be that the timing isn't right for you.

That being said, maybe the timing will *never* be right for you. So what's so bad about that? Undoubtedly you have some positives going for you in your default settings. Check them out and decide to make the most of them. Succeed wildly as a parent, spouse, Vice-President in Charge of Something Important, or friend. There's absolutely nothing wrong with any of that.

On the other hand, one Chinese symbol for “crisis” is a combination of the symbols for “risk” and “opportunity.” If your defaults show that you just might respond to the crises of pressure by embracing risk and seizing opportunity...well, you're ready to move ahead with us.

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<sup>1</sup> Cool definition, huh? It came from an online search that linked to Mantex at [www.mantex.co.uk](http://www.mantex.co.uk) on 3/26/04.

## **Exercise One: Will My Default Settings Support My Business?**

*Time for the gut check. Carefully evaluate whether your default settings will support a personal business, and write your reflections in the appropriate categories below.*

*Some questions to ask:*

*Are my attitudes helpful or harmful in a private business?*

*Are my beliefs in line with business success as I understand it?*

*Will my motivations carry me through the challenges that will come?*

*Will my default setting people want to, or know how to, encourage me if I continue to pursue my own business?*

**Will my attitudes support my business?**

**Will my beliefs support my business?**

**Will my motivations support my business?**

**Will the primary people in my life support my business?**

***Extra Credit: Will your default settings support your personal business? If not, how will you change your own expectations regarding your business? If so, what kind of support do you expect to get specifically for your business from each category of your default settings?***

## Exercise Two: Painting the Big Picture

*The goal: By the end of this exercise, you'll "paint" the big picture for your business.*

What's the difference between the big picture and your default settings? Think of it this way: *Except for people, your default settings are mostly internal and invisible. In comparison, your big picture elements are mostly external and quite visible.*

There's a big picture for your life. For the purposes of this course, your business can be one section in that big picture. Then there's the big picture for your business. Most likely, the service or product you deliver is just one part of your business "big picture."

You absolutely won't have time to go into a lot of details in this exercise. That means you need to define what's really important in your big picture—and what you absolutely need to do to complete the big picture for your business *right now*.

In a way, you'll be creating a picture within a picture. It's important for you to understand that your business is a part of your life's big picture. It is placed within the big picture of your life. If your business becomes your life's big picture, and you try to place your health and family within the framework of your business, you're in trouble.

Here are the big picture element's you'll work with in this exercise:

- *People*—family, friends, customers, including people who may have a negative impact on your life.
- *Activities* that show who you are--what you do at home, with your family, at work, with friends, hobbies, leisure time, political groups, civic groups, volunteer work, whatever, wherever.
- *Roles* in which people see you—some are defined by family (parent, child, sibling, third cousin), others are defined by activities, and still others by your business.
- *Flavors*—Answer the question, "What taste would my life leave in my mouth—and in others'—if I left it just as it is? A cinnamon roll, or a rotten apple? What kind of taste do I want my life to leave day in and day out—and when it's all over?"
- *Colors*—Answer the question, "What colors do I see when I look at my big picture? Where do those colors come from? What colors would I like to add to my big picture—and where would I get them?"
- *Sounds*—When you think about your big picture today, do you hear music or noise—or some of both? Is there a certain kind of music? Do you hear a quiet country evening, or a busy city street? How about voices?

Let's get started on the big picture for your business.

## Exercise Two: The Big Picture for My Business

*Apply these “big picture” categories to your business—first as it is, and second as you want it to be.*

### AS IT IS

#### People

1.                      2.

3.                      4.

#### Activities

1.                      2.

3.                      4.

#### Roles

1.                      2.

3.                      4.

#### Flavors

1.                      2.

#### Colors

1.                      2.

#### Sounds

1.                      2.

### AS I WANT IT TO BE

#### People

1.                      2.

3.                      4.

#### Activities

1.                      2.

3.                      4.

#### Roles

1.                      2.

3.                      4.

#### Flavors

1.                      2.

#### Colors

1.                      2.

#### Sounds

1.                      2.

*Extra Credit: What positives and negatives are in your business “big picture” as it stands today? Write a brief description of your present business big picture, then of your business big picture as you want it to be. Write out what positive results could happen for your business if you make the changes you’d like to make.*

### Exercise Three: Putting Time in Checkmate

*The goal: By the end of this exercise, you'll commit the time you need to take care of your business—and you—and rewrite your schedule accordingly.*

Everyone screams for more time. Scotty pleaded for time from Captain Kirk when the *Enterprise* was about to overheat. (Did anyone ever suggest a *radiator* for that bucket of bolts?) Writers facing a drop-dead deadline beg their editors for more time. Contractors assembling a last-minute bid wish they had more time. Parents recognizing that they really *do* need to spend quality time with the kids look for more time.

Having gone down that list, take a look at the common element: a sense of urgency, maybe even crisis.

Those ongoing responsibilities, near-emergencies, wake-up-in-a-cold-sweat-at-3-in-the-morning thoughts, or genuine crises combine to provide a real filter for time management. Why? *Because those are the front-burner issues that demand action.*

So what do you do with your time? Do you feel in control of your schedule, or does your lack-of-schedule have you by the throat?

You need to care enough about time and your schedule to make it important, and then keep it that way. You need the important stuff on the schedule, and you need to keep your appointments with the important stuff. *And the important stuff includes more than your business.* You need to schedule in time to take care of your family and yourself. You need to schedule in time for a spiritual or recreational life.

There's also a need to eliminate stuff that doesn't matter. Sometimes you even need to set a limit on how long you'll spend with certain people, or eliminate activity that just doesn't produce positive results.

Before I go any further, I know some of you are thinking, "Hasn't this guy heard of DayTimers®?" In fact, I have. And I recommend you use them, or one of their cousins, once you've had a chance to live with this revision for awhile.

The schedule you make today (and the revisions of it in the future) isn't meant to be the day-by-day specific-call name-and-date schedule. Instead, it's more of a template from which your portable calendar, printed or PDA, will flow. It gives you the boundaries of your time commitments; kind of a master plan, if you will.

So now it's time to redo the schedule. Get real about the commitments you have to make and the time-wasters you need to control or eliminate. Making a schedule isn't as sexy as making your first million, but it'll get you to that point a lot faster than trying to do business without one.

### Exercise Three: My Rewritten Schedule

*Keeping your real commitments and time-wasters alike in mind, rewrite your working schedule to reflect the time you need to spend on yourself, your family, and your business. Remember this is meant to be a more general schedule, and not the place to write in specific appointments, etc.*

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
12 AM							
1 AM							
2 AM							
3 AM							
4 AM							
5 AM							
6 AM							
7 AM							
8 AM							
9 AM							
10 AM							
11 AM							
12 PM							
1 PM							
2 PM							
3 PM							
4 PM							
5 PM							
6 PM							
7 PM							
8 PM							
9 PM							
10 PM							
11 PM							

***Extra Credit:*** Do you think this schedule accurately reflects where you really want to spend your time? Will this schedule be less stressful than the one you've been keeping? Why or why not?

## Exercise Four: Marketing and Promotion

*The goal: By the end of this exercise, you'll outline your business's marketing and promotion strategy. .*

Marketing is the Dr. Pepper® of the business world: so misunderstood. And frankly, I blame a few of its supposed practitioners for that. When they couldn't dazzle us small business types with marketing brilliance, they tried to baffle us with marketing B.S.

They told us that marketing would always be too complicated for us little guys. But I've been around too long to believe that. The real humans in the marketing game are the ones who have made it simple for everyone.

And what are they saying? Most of them will tell you marketing boils down to a few simple things. My own list, revised from the stuff I've heard from the marketing "good guys" I know, is made up of five words that begin with the letter "p" so it's easier to remember:

- **Product**—the thing or service at the heart of your business
- **Pricing**—how much you charge
- **Propagation**—how your product or service is delivered to the marketplace
- **Positioning**—what the customer thinks about your product
- **Promotion**—how the public learns about your product

*Promotion* is the logical extension of marketing. It's all about *developing* a message and then *disseminating* it.

You have to inform customers about the characteristics and benefits of your **product**. Hint: The more you describe your product in terms of the benefits it gives the customer, the more impact your message will have.

Then there's **price**. For some products, that means you have to let your prices be known early in the message. For others, you simply have to suggest a price range.

You also have to indicate how your product can get to the customer. Do they need to call a toll-free number, visit a Web site, or drive to your store to get the product—or will you deliver? That's **propagation**.

**Positioning** calls out what makes your product distinct against the competition without ever mentioning them. You can hammer on a unique angle to fix your product in a customer's imagination with good creative.

You also need to consider **where** you will promote your product (in-store displays, Web advertising, broadcast or print media) and **how often** you will advertise against your budget.

So tackle your marketing and promotion approach with this exercise.



## **Exercise Four: Marketing and Promoting My Business**

*Use this worksheet to develop the points of your marketing and promotional message and how you will disseminate it.*

### **THE MESSAGE**

**ABOUT PRODUCT:**

**ABOUT PRICE:**

**ABOUT PROPAGATION:**

**ABOUT POSITIONING:**

### **GETTING THE MESSAGE OUT**

**WHERE:**

**HOW OFTEN:**

**BUDGET:**

*Extra Credit: Have some fun and take a stab at writing one killer advertisement — radio, TV, or print—for your product. Use the message points above as a basis for the ad. What are your strongest message points for promoting your product? What makes them so strong, in your opinion?*

## Exercise Five: Cash and Profits

*The goal: By the end of this exercise, you'll establish a current cash flow position and a working budget.*

This is the exercise that takes the longest. If you need a break for the restroom, or the chance to call home and let them know you're still alive, do it now. (I mean it.)

### **Part One: Cash Flow**

Malcolm Forbes told a story about his father. Seems a young controller was all excited about showing a profit on the books. The elder Mr. Forbes replied, "Young man, I don't give a damn what your books show. Do we have any money in the bank?"

*Why do you make money?* In the business sense, you make money to limit the effect of negative circumstances. You can't control everything. That's delusional. But you're in a better position to handle tough times if you have cash at the ready than if you don't.

Cash flow is not the same as profit. Cash flow is exactly, and only, what it says: *cash*. Cash is the currency you have on hand and the bank deposits you'll make to add to that amount. It is not a bank line of credit, a business or personal credit card, or the market value of your business assets (unless you liquidate those assets into cash).

*Cash flow*, then, is the cash that flows in and out of your business in a given business cycle. For our purposes, we'll address monthly cash flow. Today, you'll think through how much cash is coming your way each month in sales and accounts receivable, and how much is going out to cover your expenses.

Why do you need to know about cash flow? Because you can operate in the black according to the books, but if you don't have cash flow—money on hand or in the bank—you could still go out of business.

## Exercise Five, Part One: Cash Flow Assessment

***Remember, cash flow is exactly that: cash in and out of your business. Every buck you get that you can actually deposit in the bank is cash flow. Every buck you actually spend in a given month is cash flow. Get out your bank statement and receipts for the last couple of months and make it happen:***

	<i>Month One</i>	<i>Month Two</i>	<i>Month Three</i>	<i>Average</i>
<b><i>Cash in</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<b><i>TOTAL</i></b>				
<b><i>Cash out</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<b><i>TOTAL</i></b>				

***Extra Credit: Do the above figures surprise you? Why or why not?***

## Part Two: Budgeting for Profit

Picture your business: You've set up your corner shop. You operate your business with the highest integrity. You are well-loved by your customers and neighborhood. Your products and services are incredibly popular.

*What's missing in this picture?* There's no mention of money—and that's one of the most curious things about some people who want a successful business: *They don't have a picture of the role money plays in their business.*

A budget provides that picture. Without a budget, you can be full of integrity, well-loved, even well-known, and still go broke. ***But you're in business to make money.*** How you make money and what you do with it is up to you. But if you're not using a budget to plan to make money, you're not planning to stay in business.

Let's start with a simple listing of your revenues and expenses. **Revenues** are those things that bring your business income. Sales and fees for services are the most common form of revenues.

**Expenses** come in two categories: **fixed** and **variable**. **Fixed expenses** are about what they sound like: those costs to your business that are fairly stable from month to month. These commonly include payroll, benefits, telephone, depreciation, facilities, rentals, office supplies, utilities, and advertising. These are all things that stay fairly level over the long haul. **Variable expenses**, on the other hand, are costs that change in direct response to your business activity. Overtime, materials for production or dissemination, volume purchasing vs. limited purchasing all play into variable expenses.

This is pretty basic stuff—but an important beginning to a solid budget. Right now, your job is to list and categorize your revenues and expenses, and to attach an average monthly amount to them. (Big hint: If you don't know about a given category, although I can't for the life of me think of why you wouldn't, average what you've spent the last few months and insert that number into the appropriate blank.)

But it doesn't stop there. How will you keep employees if you don't have profits? How will you keep yourself interested in your business if you don't have profits? ***Like it or not, you have to manage your business into profitability.*** You have to be grounded in the realities of revenues, expenses, and cash flow.

That's why the question at the end of this exercise isn't "Extra Credit" like the others. It's a question that needs an answer before you move on.

Exercise Five, Part Two: **Budgeting for Profit**

*Write out your budget for the next three months. Remember to include the impact of your cash flow as you figure your monthly profits and losses.*

	<i>Month One</i>	<i>Month Two</i>	<i>Month Three</i>	<i>Average</i>
<b><i>Revenues</i></b>				
1.				
2.				
3.				
4.				
5.				
<i>TOTAL</i>				
<b><i>Fixed Expenses</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<i>TOTAL</i>				
<b><i>Variable Expenses</i></b>				
1.				
2.				
3.				
4.				
5.				
<i>TOTAL</i>				
<b><i>Net profits or losses</i></b>				

*Essential Questions: What adjustments, if any, can you make in this budget to improve net profits? Cash flow? Based on the new average columns, how does the quarter following this one look?*

## Exercise Six: You Need Leads to Succeed

*The goal: By the end of this week, you'll reconsider your options for generating leads and choose one to act on this week.*

Which comes first, the sale or the lead?

This is not a chicken-or-egg question, but too many businesses treat it that way. I've seen more great products and services bite the dust for lack of lead generation than I care to think about. *You need leads to succeed, and must know these four things about them:*

- 1) Who they are
- 2) Where they are
- 3) How to contact them
- 4) How to make them aware of your business

Lead generation is no mystery. It's a discipline. You choose from a variety of means to put together an overall strategy to generate leads through advertising, publicity, or presence. Here's a list of the most commonly used means, and my experience with them:

- 1) **Word of mouth/referral.** I can't believe how many business advice books leave this item out. Most businesses build their steady customers out of the contacts of satisfied clients who pass the word to others. This is a crucial lead generator for the small business. Ignore it at your peril.
- 2) **Newspapers.** Some businesses need to buy a full-page ad, others pull from a well-placed classified.
- 3) **Magazines.** Effective with good creative. Can be pricey.
- 4) **Press releases.** If there's real news in your business, a press release can be an inexpensive way to expose your business to the general public.
- 5) **Telemarketing.** You have to be careful with it these days, and access to a wide marketplace is very difficult in some areas. However, if you have a very targeted permission-to-call list, this could be a powerful tool.
- 6) **Direct mail.** One more time, targeting your potential customers could make this an effective option.
- 7) **Trade shows.** You have to figure out if the time off work is worth the potential of lead generation. In some businesses, this is a great thing to put in the mix.
- 8) **Internet.** Almost a requirement these days. Your Web site doesn't have to be complicated or expensive to be effective.
- 9) **Radio.** Depends on the market. If a station can give you the right kind of exposure for the budget, it might not be a bad option.

- 10) **Television.** Thanks to cable and satellite, TV now has hundreds of targeted markets. But the “channel surf factor” these days means your ad had better engage them from the first second, and keep them on board.
- 11) **Billboards/displays/outdoor.** You can have outdoor placement so commuter traffic sees it at least once a day. You won’t get much targeting done, but that doesn’t always matter.
- 12) **Telephone directories.** My clients report mixed results. I do, too. You’ll have a listing if you have a phone anyway, but is it worth running an actual ad?

Okay, you know enough to be dangerous now. Think through these options and your lead generation strategy in the exercise that follows—including one action item you can execute this week.

## Exercise Six: Generating Leads

*Here's the list we used on the previous page in discussing lead generation. Think through these options, asking two simple questions:*

- 1) Would I really like to generate leads with this option?*
- 2) Can I afford it this week?*

	<i>Is this option for me?</i>	<i>Can I afford it this week?</i>
<b>Word of mouth/referral</b>	_____	_____
<b>Newspapers</b>	_____	_____
<b>Magazines</b>	_____	_____
<b>Press releases</b>	_____	_____
<b>Telemarketing</b>	_____	_____
<b>Direct mail</b>	_____	_____
<b>Trade shows</b>	_____	_____
<b>Internet</b>	_____	_____
<b>Radio</b>	_____	_____
<b>Television</b>	_____	_____
<b>Billboards/displays/outdoor</b>	_____	_____
<b>Telephone directories</b>	_____	_____

*Journal: Which single item above can you act on this week? What will you do to make it happen?*



## Exercise Seven: Keeping Customers

*The goal: By the end of this exercise, you'll develop a strategy to stay on your customers' radar screens in a positive way.*

Nurturing customer relationships will make or break your business.

First, you need to move people from being leads into being customers. That's a skill set in and of itself.

Then you need to deepen the relationship with the customers you can so their *lifetime value* to your business increases. That means you're working on repeat business, and ways to make it grow, customer by customer.

There's a logic to how customer relationships develop. Just like dating, you don't begin with a lifetime commitment. You go through a process of checking each other out, and then you move the relationship along accordingly.

People make the mistake of thinking customer relations can be put on the back burner. Not a chance: Customers mean relationships. If you can't live with that, you have to find someone for your business who can—or you need to do something else.

The moral here? *Once you have a customer, don't leave them behind. Make the relationship work.*

Your goal today is to map out a strategy that will keep you on your customers' radar screens.

## Exercise Seven: **Keeping on My Customers' Radar Screens**

*Today, outline your strategy for keeping your customers aware, in a positive way, that you're in business. Answer the following questions:*

- 1. What will I do to change leads into customers?**
  
  
  
  
  
  
  
  
  
  
- 2. What kind of customer service will I offer that lets customers know I value them?**
  
  
  
  
  
  
  
  
  
  
- 3. What will I do to evaluate and appreciate the lifetime value of a customer?**
  
  
  
  
  
  
  
  
  
  
- 4. What will I do to encourage my best customers to become my best references?**
  
  
  
  
  
  
  
  
  
  
- 5. What's my strategy to "keep in front" of my present customers?**

***Journal: Outline the story of your business's relationship with one of your best customers. How did your customer first make contact with you? How did you nurture this customer relationship? What keeps this customer coming back to you?***

## Exercise Eight: Putting It All Together

*The goal: By the end of this exercise, you'll write relevant action-based objectives for yourself and your business.*

*You have to plan for success.* The will to succeed in business is worthless if you don't have the will to prepare.

I remember watching a documentary about Billy Joel at the height of his success. He was in the studio writing the lyrics to a song they were already recording. He was trying out words on a note that he had to sing for a few beats.

I was listening to the words he was trying out. He was all over the place with ideas. Some of them fit with the thought of the lyrics; others didn't. But his comment after about a dozen tries showed me why I listen to music instead of write it.

Joel stopped everything cold to say, "Naw, no, no, un-uh. I gotta have a word with a soft 'a' sound on the hold."

I thought, "'A soft 'a' sound'? What's *that* about?"

*Billy Joel was thinking in another dimension about his lyrics: not only what the words he sang **meant**, but also how they **sounded**.*

The point is, you have to think in new dimensions about your business today. You have to think in terms of action items that no one else knows about you and what you do. *You have to plan for success.*

To make your business objectives succeed from this point forward, you need to put them into words, attach a time frame to them, and get moving.

The point in this crash course has **not** been to help you crank out more paper that sits on the shelf. It's to help you keep paperwork to a minimum. It's to give you knowledge you can refer to again and again. You can hone your business strategy again and again, anytime you like, with this course.

So now, you need to look at the course to this point and write at least one action-based objective representing several dimensions for the strategy you'll use for your business in the next month.

## Exercise Eight: Today's Business Objectives

*Review previous sections on objective development, then write at least three objectives for your life and business as you see them today. Remember, you're writing behavioral objectives that include what, how, and by when.*

*Run off as many sheets as you need to write out the objectives you want to address today!*

### Objective One: Personal (family, health, hobbies, faith, etc.) Objective

**What:**

**How:**

**By When:**

### Objective Two: Profits (\$\$\$, cash flow, budget adjustment, etc.) Objective

**What:**

**How:**

**By When:**

### Objective Three: Promotional (advertising, marketing, etc.) Objective

**What:**

**How:**

**By When:**

### Other Objectives

***Extra Credit: Do any of the objectives above seem out of reach? Rewrite them until they're possible for you to attain in the time allotted. Then set a date to revisit and rewrite these objectives.***

## **Wrap Up!**

**Review the material you've developed today. Write down the THREE PRIORITY ITEMS you must address IMMEDIATELY, and HOW YOU WILL ADDRESS THEM:**

1.

2.

3.

**List the PEOPLE you need to contact regarding those PRIORITY ITEMS, and WHEN and HOW you will contact them:**

1.

2.

3.

4.

5.

6.

**List the THREE MOST IMPORTANT CHANGES you must make to take your business to the next level, and WHEN YOU WILL IMPLEMENT THEM:**

1.

2.

3.

**List any part of today's exercises that you need to EXPLORE MORE THOROUGHLY, and WHAT YOU CAN DO TO FIND OUT MORE. For some of you, it might be as simple as going through the relevant week(s) of our *Mastery Course*:**

**List the MOST IMPORTANT DISCOVERY you made about yourself and/or your business through the exercises you've just done, and what made that discovery so important:**