

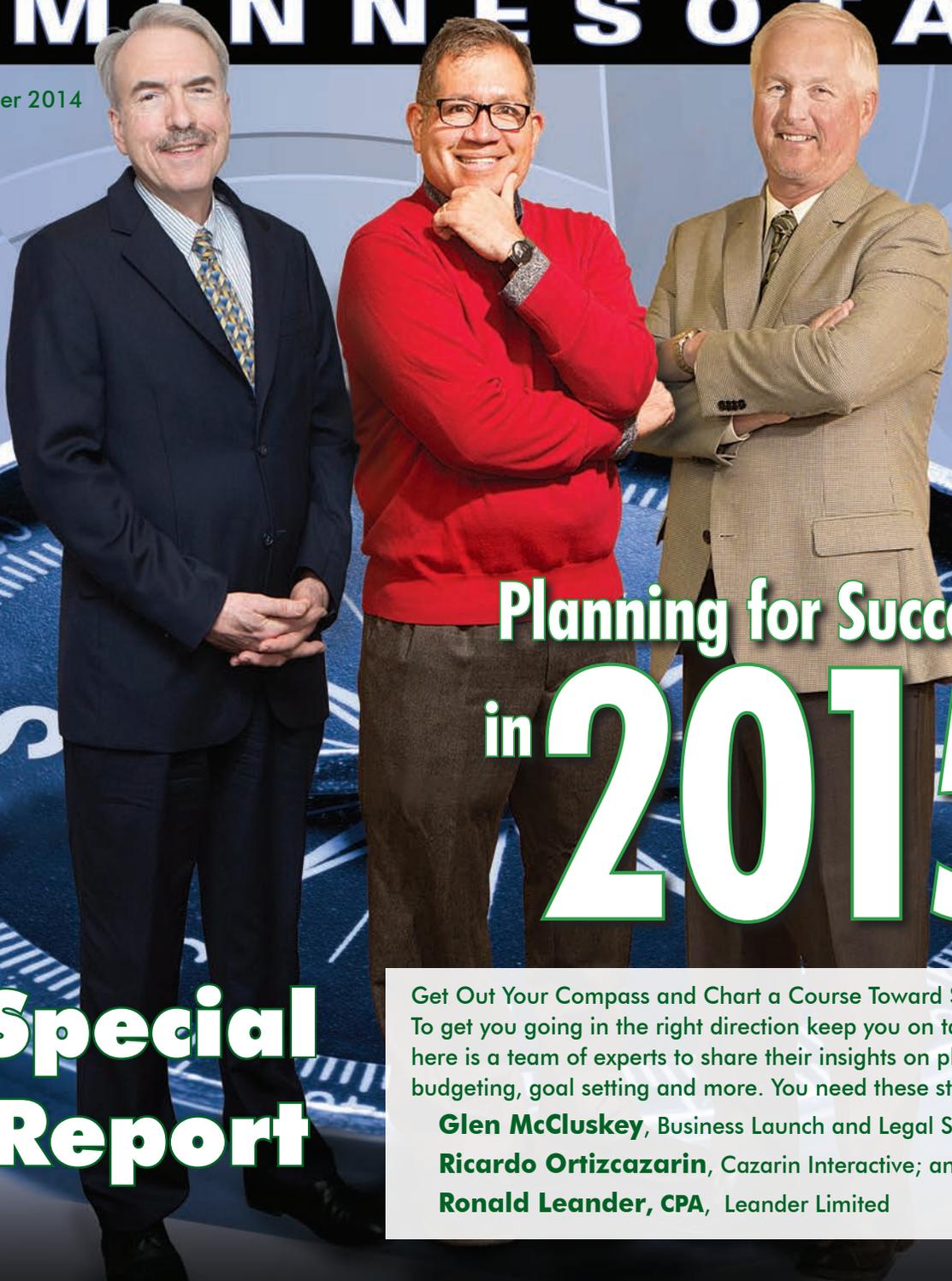
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The Monthly Resource Guide For Startup Businesses

NEW BUSINESS

MINNESOTA

December 2014



Planning for Success

in **2015**

**Special
Report**

Get Out Your Compass and Chart a Course Toward Success. To get you going in the right direction keep you on target, here is a team of experts to share their insights on planning, budgeting, goal setting and more. You need these strategies.

Glen McCluskey, Business Launch and Legal Services;
Ricardo Ortizcazarín, Cazarin Interactive; and
Ronald Leander, CPA, Leander Limited

Planning for Success in

2015

Take Control of Your Business.

Applying These Planning
Strategies Will Set You on
Course to Grow Your Business.

From the Publisher:

As a new business owner, you will need to master the art of planning. That means using your business plan, following your budget, mastering your numbers, achieving your goals, developing a marketing strategy and taking charge of your future.

It's so easy for new businesses to react to situations that confront them early on. With solid planning, you can anticipate many problems and prepare for them.

New Business Minnesota approached the experts on these pages to share their expertise and offer insights that every new business needs to succeed in 2015.

The authors will share more information in a free interactive workshop from in January. New Business Minnesota will hold its monthly Startup Meetup networking event immediately following. For more information and to register and RSVP go to www.newstartupmeetup.com



Build Marketing Plan Focused on Revenue, Growth

Profile Your Best Customers, Prospects, Then Find More of the Right Mix.



The Cazarin Interactive Strategy Team: Kelly Imholte, Jacqueline Ringstad, Ricardo Ortizcazarin, Erin Borrón, Brad Heagle.

By **Ricardo Ortizcazarin**
Cazarin Interactive

The biggest marketing mistake small business owners make is not doing any. They're not intentionally sabotaging their business. It happens because they have marketing intentions, not a marketing plan.

Intending to market leads to wasted energy thinking up "great" initiatives that never happen because there is never any "extra" money lying around or they are too busy.

Or they squander their money on a grand --- ill conceived – marketing gesture such as mailing 10,000 postcards to a bad mail list with no way of tracking responses. The poor results convince them that marketing doesn't work. Well, their marketing doesn't work.

To move your marketing into reality, you need both a plan and a budget. Building a good strategy and budget for your business begins with some soul searching. Who are you? What do you want? From there it goes to describing your ideal customers, your present and future customers, and a goal to reach for sales on a monthly basis.

Over the past 15 years, Cazarin Interactive has helped more than 500 clients achieve their marketing goals. Marketing is as much art as it is science. You need creativity and experience to find the right tactic and be data-savvy to track results.

Retention

Although new customers usually get the most attention when creating a marketing plan, don't forget about the customers you already have. Your marketing budget should include something for customer retention.

In addition to the revenue they already provide, current customers can be a steady source of referrals that will lead to more new customers. Don't take existing customers for granted.

Paying attention to your base doesn't have to cost a lot of money. It can be as simple as a phone call once a quarter, or sending a nice hand written post card or note. Connect with them on LinkedIn and contact them on their birthday.

Little things like this can make a big difference and will be greatly appreciated. To say "Thank You" to my clients, I do two events each year where we meet and network at a nice catered event, where I try to connect

them with other businesses to help each other

New Customers

The strategy for finding new customers is to identify which ones to target, based on the opportunities and challenges they present to your bottom line.

I like to describe customers as being rabbits, elks or elephants.

Rabbits are small and you need a lot of them to make a profit. Elks are the perfect customer with the highest profit with the least cost. Elephants are very large customers that use up a lot of resources.

If you already have a customer base, make note of your best customers – the 20 percent that are responsible for 80 percent of your revenue. You want more like them.

Now break that 20 percent into rabbits, elks and elephants and establish a vision of the balanced mix that you think best fits your needs and capabilities.

Elephants

Elephants can be a challenge. They bring a large budget, but they expect a lot of your time and attention. They often want weekly

Cazarin Continued on Next Page

meetings, weekly reports, and expect you to customize your processes to meet their needs. Everything has to be on time and they are less forgiving. Expect more work on evenings and weekends.

On the plus side, they pay very well.

If you've had elephant customers before, imagine what it would be like to get two or three of them at one time and you'll get instant insight into how many you can handle. For new businesses elephants may be a distraction that delays their ability to build a strong customer mix.

Because of the efficient structure we have at Cazarin Interactive, we might be able to handle one more this year. I advise my clients not to let elephants dominate their customer mix.

Rabbits

On the other end of the spectrum are the rabbits. You need a lot of these small customers to have an impact on your bottom line.

The challenge with rabbits is an imbalance of the time they require vs. the return you get. There is a real potential that they'll be just a one-and-done customers. It's hard to grow a business that way.

Initially you may welcome that kind of rabbit. As your business grows, you need to become more selective.

Personally, I prefer to work with rabbits that have the potential to become long-term customers and grow to the next level. Learn how to qualify your rabbits.

Ask lots of questions of all prospects about their plans for the upcoming year. You want customers who have vision and plans that include growth, especially if it might include you. If they don't have a budget or the vision to grow, they may not be right for you.

Elks

Your ideal customers are elks. They have the resources to work with you on a repeat basis and will make up the bulk of your customer mix. And your current business structure can efficiently handle their needs and provide a good return. It is a perfect balance.

The growth trajectory of your business will ultimately be determined by how many elk you can identify and bring on board.

Most business owners I've worked with initially have no specific idea who their ideal customer is. I work with them to find key descriptors such as the number of employees, annual gross revenue or industry segment and how many are in that segment.

A good profile of your elk makes it easier to go hunting for business that fit the descrip-

tion. And you won't waste money on targets that don't fit the profile.

The next step is to figure out how many you can handle each month with your present resources.

This is a critical capacity issue. Up to a point, you can be very efficient and make money. Beyond that, the next dollar of profit becomes expensive. You may have to buy more equipment, build a larger facility or hire more people. Know your limitations and your sweet spot.

Budget Building

For the upcoming year, you should build a budget that includes what revenue you expect from each of your customer types. How many elks, rabbits and elephants do you want to add? Maybe your goal is to pick up one rabbit a month, two elks a quarter and perhaps two elephants during the year.

Use that information to set your marketing budget. For example, if you expect \$40,000 from your elks, what are you willing to invest in marketing campaigns to get that new business? Do this for all your animals.

Your branding and messaging should be focused on your elks. That same message will also resonate with rabbits who want to become elks.

Goals

My first step in setting up a marketing budget with a client is to establish who they are and what they want to be. Ego and ambition have to be set aside for reality.

What you want to be can't be more than 25 percent of what you are worth. If a client is generating \$4,000 a month, it is reasonable to have a \$5,000 a month goal. Doubling revenue may not be realistic.

We then take 15 percent to 40 percent of the new revenue over a three month period to invest in marketing. In this example, it would be between \$450 and \$1,200 for marketing. And you spend that for a minimum of three to six months. It shouldn't be a one-time deal. Test and repeat.

One of the key benefits of working with a marketing professional is they are experienced in creating campaigns that will maximize your budget, and putting together a good plan that should produce results in an established time frame.

Know Thyself

For one of our new clients, a property management company, we asked them 35 questions about past and current customers, about the personality of the company, who they thought they were, etc. We then asked some of their best customers the same questions.

Despite being a full-service management company with 150 employees, their messaging and web site were projecting an image of a much smaller company. Having evolved from humble beginnings, they still saw themselves as small. Their customers and prospects had a

more realistic view of them.

At first they resisted our suggestion to change the messaging because they had recently spent \$15,000 on a new web site.

I told them that they were in fact a large company and they needed to look more sophisticated and look like they were the dominant player if they wanted to grow. They were missing out on elk that wanted to work with a larger operation with more services. They redid the website to accurately match their real brand.

Tactics

Tactics are the tools and strategies you deploy to execute a marketing plan. We decide on tactics after looking at what a client's competitors have done, what they have done, what budget is available, the growth they want to achieve and the time available to generate results.

Some tactics, like TV commercials, are very good, but also very expensive. Some are more affordable, like postcards, but they have to be done correctly and tracked to be effective.

The hot thing for the past few years has been social media, but it's not good for everyone. Don't choose tactics just because they are hot. For example, I wouldn't recommend it for medical device companies because it is more oriented toward consumer markets.

Conclusion

Remember, it's a jungle out there. Your assignment for 2015 is to identify who your rabbits, elks and elephants are and find ways to reach them by building a targeted marketing budget. Call me if you need help.

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Ricardo Ortizcazarín is President and Marketing Visionary of Cazarin Interactive, which provides digital marketing solutions for companies of all sizes who are looking grow. He can be reached at (763) 400-4555 or info@cazarin.com www.cazarin.com

Call To Action

For more information on finding your rabbits, elk and elephants, go Cazarin Interactive's Marketing Jungle video at www.cazarin.com/videos.

Planning is How You Take Control of Your Success

To Keep on Track, Set Achievable Goals, Be Accountable and Focus on Your Strengths.

By Ronald Leander, CPA

Leander Limited

Most new and small business owners struggle with planning. They are too busy running their businesses to stop and think about their next step, where they've been or how to do better.

The frenzy of starting or running a small business can easily absorb all the creative energies of an entrepreneur. Pressed for time, they may be making decisions without complete information or entirely miss opportunities.

In my 30-plus years' experience as a CPA (Certified Public Accountant) and business advisor with Leander Limited, I've had countless struggling business owners come to me for help. There is a pattern. The financial side of their lives is a great mystery they don't really grasp.

They have a vague understanding of the business operating costs. They don't understand their financial statements. If they are making money, they aren't sure why. If they're not making money, they don't know why.

They are working without a plan, flying by the seat of their pants.

What they need is a structured approach to running their business. The best method I've come across is the Entrepreneurial Operating System (EOS) as featured in "Traction," the best-selling book by Gino Wickman, noted Detroit author and business coach.

The Six Components of EOS focus on what Wickman identifies as key components of any organization. As a business advisor, I find this no-nonsense guide to be an invaluable blueprint for helping my clients shore up their business.

Here are the parts of EOS and some suggestions on how you can put some of the concepts into practice in 2015.

Six EOS Components

1) Vision. The main thing is to have a specific goal, a target with a well-defined bulls-eye. What are you trying to accomplish? According to Wickman's book, you should have a series of long- and short-term goals that support each other.

Where do you need to be in three years to be on track to achieve the 10-year goal? To reach that three-year goal, where do you need to be after one year? To reach that goal, what has to happen this quarter? If you miss the one-year and three-year goals, you won't achieve the 10-year goal. That's why we manage your company in 90-day increments. It alleviates being distracted by "shiny stuff."

When you set goals, they have to be measurable. "Better customer service" is not a good, measurable goal. Make your goals black and white, nothing wishy washy. Don't aim for easy targets or targets that are beyond achieving.

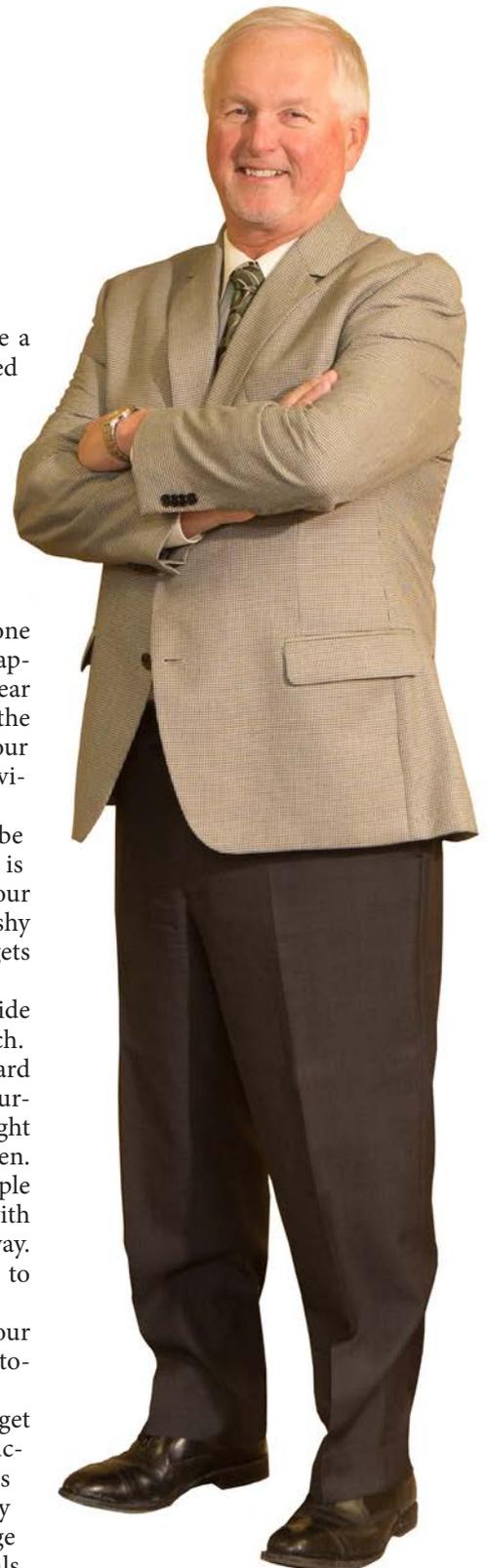
For 2015, set goals that are just outside your comfort zone, that make you stretch.

2) People. Get the right people on board who can successfully do their job and pursue the company goals. You need the right team in the right seats to make it happen. If you have employees or contract people who aren't up to the task, be honest with yourself. Don't let loyalty get in the way. Make a change to allow your business to thrive.

For 2015, evaluate the people on your team. Will they help or hinder progress toward your goals?

3) Data. Measure what you need to get right in your business in order to be successful. I help my clients devise metrics and then I function as the accountability police to meet the goals. Then I challenge them to do better and pursue loftier goals.

You should be measuring three or four things every week, such as the number of billable hours, weekly billings and collec-



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tions, how many new prospects you met or the number of prospects that became new clients.

Don't use your gut to "feel" how your business is doing. Use your data.

For 2015, decide what you want to measure.

4) Issues. These are the obstacles you have to overcome if you are to achieve your mission. If you're lacking the cash or financing, figure it out. If you don't have the right people, some may have to go, or maybe you need more people. Document these obstacles on an issues list. Then work through them and solve them in your weekly management meetings.

For 2015, identify what is holding back in your business and then take action to change it.

5) Process. This is how you do your business. What steps do you take when you bring on a new customer? How do you invoice? How do you track the delivery of products or services?

You should document all of these processes to better organize your company so the steps can be studied, improved and duplicated. Not only will this make your business more efficient and increase earnings, it will help new employees do their job better and make it more scalable if you choose to expand.

For 2015, document your operations. Then look at ways to improve them.

6) Traction. You get this when you put your vision into action and execute the tasks that make it happen.

Assign people to be responsible for their part of one of the 90-day goals. It should be measurable. Hold them accountable. Conduct a structured meeting at the same day and time each week. We call them "Level 10 Meetings." They last 90 minutes and consist of reporting, setting tasks and problem solving (Learn more at www.eosworldwide.com). Keep to the agenda so you don't drift off. Then get back to work.

Lack of traction is the leading cause for visions to fail. These meetings keep everyone on task.

For 2015, set aside time each week to

Call To Action

If you are interested in learning more about how EOS can help grow your business in 2015, visit www.EOSworldwide.com or call Ron at (651) 636-6402 for a free initial consultation.

take stock of your plan, what needs to be done and what problems need to be solved.

EOS In Action

I use the Six Components of EOS with clients I coach and advise. By asking questions, defining their vision, and looking at their goals, we are able to set the company on a new, stronger course.

A good example is an architect I just happened to meet. After a brief conversation, I asked how he determined his pricing. Like so many entrepreneurs who lack confidence, he charged less than most of his competitors.

What he didn't realize was that he was building a business based on the lowest price where his services were valued, and there would be no loyalty. The next low-bidding competitor will take away his "cheap" clients.

I then asked him if he could get away with raising his price by 10 percent. He said yes. To which I replied, then let's do it Monday. The architect raised his prices. Nothing happened except that he increased revenue. Then he became a client.

That question is posed to all my new clients. Most feel they can get away with raising prices until I tell them to do it on Monday. They balk because they lack confidence. Low confidence leads to low expectations.

My architect client had worked at a large firm where someone else made it rain and managed things. He wasn't used to doing it.

He had no idea how big he could get. By taking him through a good planning process following the EOS program, he was able to set his sights higher than he previously thought possible.

With the big goal in place, it was a matter of challenging him to look at three-year and one-year goals.

Like many of you reading this, he was trying to do everything himself. He was consumed by the minutia that drove him crazy.

To grow, he needed to give up chores he could outsource, like bookkeeping, so he could spend more time creating relationships with people who could send business to him.

To keep his plans and goals on track, we began meeting on a regular basis. I kept him accountable and helped with problem solving and removing obstacles.

Recently Leander Limited has been handling this client's personal and business finances, even paying his bills, to make his life as simple as possible. That frees him

to focus on just two things: finding more work and making sure it gets done.

Having a plan and working the plan through the EOS model, the architect's income will be up \$100,000 over last year. Now he is really on fire for 2015. Success breeds success. He's still a one-man shop, except now he outsources about 20 percent of his new accounts to other architects.

The lesson is, don't spend time on what you aren't good at; delegate to someone else. Jettison the tasks you dislike. If you are a sole proprietor, technology makes it easy to outsource many of these distractions.

Planning for 2015

I've laid out some tasks in this article to help you think about planning in a different way. Don't just create a wish list for the new year. Set realistic goals and back them up with a plan of action to drive the results you want.

Work with someone like myself who will challenge your thinking and assumptions and hold you accountable. We all need to be pushed and encouraged to abandon old ways of doing things, to think bigger and smarter and have a vision that is attainable.

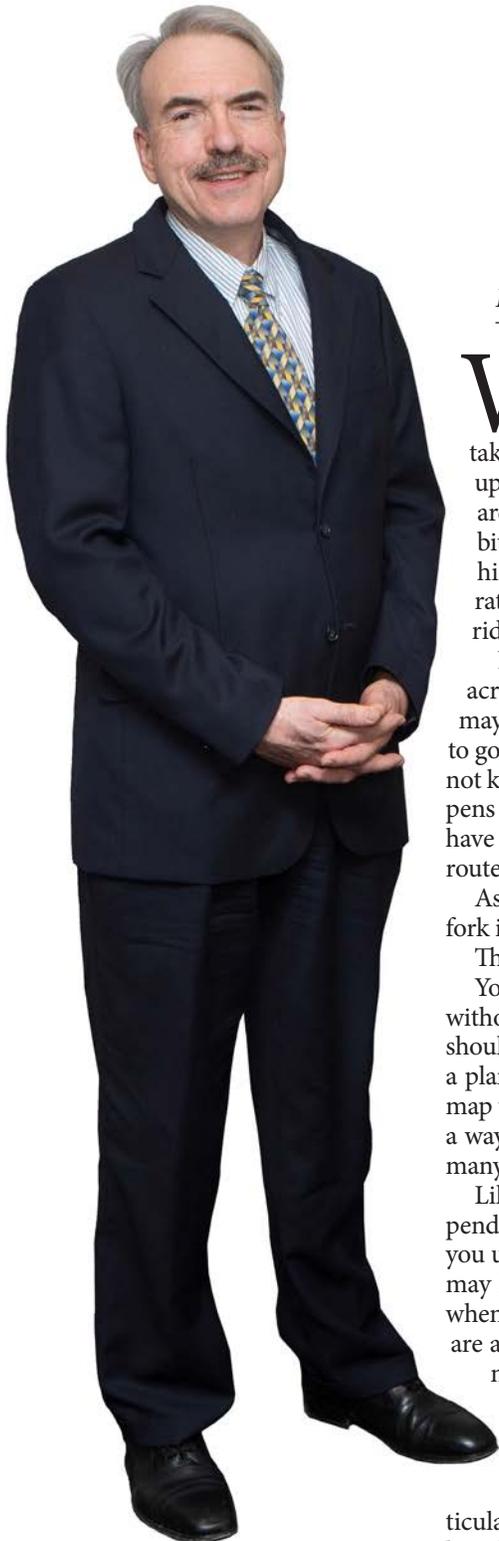
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Ronald Leander, CPA, is the founder and principal of Leander Limited, Certified Public Accounts and Business Developers. The firm provides leadership and direction to growth-minded companies who seek remarkable results. The firm offers accounting, payroll, tax, back-office support, outsourced accounting, and business advisory services that feature the Six Components of EOS, based on the Gino Wickman book, "Traction." He can be reached at (651) 636-6402 or rleander@leanderlimited.com

A Business Plan is Your Roadmap to Success

Success Is Not an Accident;
It's the Result of Planning



By Glen McCluskey

Business Launch and Legal Services

When you decide to launch a business or a nonprofit organization, you leave the ranks of those who take orders from somebody else. Now it is up to you to give the orders, even if you are only bossing around yourself. It is a bit more challenging when you are behind the wheel, making all the decisions, rather than being a passenger taken on a ride.

Now, imagine you are driving solo across the country without a map. You may have a general idea of where you want to go, but at any given intersection, you may not know which way to turn. And what happens when the road ends in a T and you have to change directions. Which is the best route?

As Yogi Berra said, "When you come to a fork in the road, take it."

That's easy for him to say.

You would never go across the country without a map or GPS, and likewise, you should never run a business without having a plan. That's what a business plan is, it is a map to guide you toward your goal. It is also a way to foresee and reduce risks that bring many businesses down.

Like any map, the way you design it depends on your goal. If you are looking for oil you use a geological map. An urban planner may look at a population density map, and when I fly a plane, I use an aerial map. They are all completely different maps. Each one may be perfect for a particular purpose, but totally useless to everyone else.

A business plan works the same way. It is not one size fits all. Each plan should be tailored for your particular purpose. If you use a plan out of a box that was made with a cookie cutter, I can guarantee you will get lost. It's like ordering

shoes online: it probably won't be a good fit. Another consideration when starting a new business is making sure you set up a workable, expandable infrastructure to operate your business as it increases. I have found that when at least basis systems are in place before the business is up and running, the business will operate more smoothly. This allows you to do business, make revenue, and focus on customer relationships, rather than creating systems and dealing with bumps in the road that could have been foreseen.

Existing Businesses

While it is always best to develop a plan when you launch your business, ongoing businesses need plans, too. I have seen two types of business owners that operate without plans. One kind thinks they don't need a plan because they know what they are doing. What this tells me is that they are constantly driving on the same routes, over and over again. They don't need a map because they never go anywhere new. What will happen when the situation changes? Situations always change.

The other kind of owner may know they need a business plan, but they are so busy in day-to-day operations that they don't take time out to look at the big picture. The irony here is that one reason they are too busy is because they haven't planned! The good thing is that it is never too late to do a business plan.

Your Business Plan

Here is an outline of what should be in a good business plan:

- Roadmap to Success -- A detailed business plan sets out goals and objectives and shows how to reach them. This includes the smaller objectives and milestones that let you know you are making progress and are on the right track. It gives you a clear course

McCluskey
Continued on Next Page

to meet the future head-on and shows how to anticipate and handle certain challenges.

- **Critical Eye** -- Includes research and analysis of certain critical factors regarding a potential business or business opportunity. These factors include operational, legal, technical and financial ones. As a licensed attorney, I am especially concerned with structuring a proper legal foundation to provide liability protection, agreements with partners, etc.

- **Competitive Analysis** -- Explores and examines competitive issues head on, analyzes them and determines how to counter them. Entrepreneurs can be so infatuated with the idea of starting a business that they don't consider the players already in the market. Why be stuck on a clogged highway when the road less traveled can offer better opportunities?

- **Marketing Analysis** -- Surveys the intended market for both risks and opportunities, and how to reach that market through advertising or other means. The distillation of your value proposition and key words guides your designers and SEO providers with the right language to use when making a web site, brochures, post cards, etc.

- **Financial Projections** -- Shows expected revenue and expenses, along with the projected bottom line. Many entrepreneurs enjoy the freedom of being their own boss so much that they don't always pay close attention to their numbers. It is important to be optimistic and have a positive attitude, but

not to the point where you don't wear rose-colored glasses that cover up important financial realities.

- **Bankability** -- Helps you obtain funding from banks, venture capitalists, or other lenders. Such institutions will typically demand to see a plan before they decide to provide you start up or expansion money. They want to know how you plan on paying them back. Potential partners, angel investor or venture capital groups want to know, too. By enhancing the predictability of your business, a good plan improves your credibility.

The Collaborator

Building a business plan is a collaborative effort. The extremes are the do-it-yourselfers who often leave the plan unfinished because he or she is overwhelmed, and the passive owner who just accepts a plan out of the box, whether it fits or not. The balanced position between these extremes is a collaborative process between a business owner and a planning professional. The creation of good plan requires an interactive effort. That's why people like me exist, someone who can help you see the big picture and design a plan that's customized to fit your individual goals and needs. It is like several counseling sessions where I ask questions and help you craft the answers to drive your particular business toward the success you are seeking.

We are fortunate to live in a free enterprise society. Many have gone before us, so we are not venturing into uncharted waters. The basic schemas for planning a business

have already been mapped. A business planning expert is one who can apply this inherited wisdom to your unique endeavor. You are not inventing the idea of a business, you are adapting your idea to a proven formula.

I'm especially interested in exploring how general ideas work in practical situations. I am fascinated by how organizations work and how things get done. This curiosity has led me to a variety of endeavors, from running a video production business to serving as an in-house counsel for Fortune 500 companies. I've been on the board of a non-profit radio station and headed my local district council in St. Paul. During law school I managed an organic food warehouse. The single biggest lesson I have learned from all of these endeavors is that all organizations operate according to the same principles. It doesn't matter whether it is a big corporation, a mom and pop business, or a non-profit organization.

These principles are not set in stone; they are flexible. That's why they can be adjusted to your individual business to create a robust plan that works, one that sets you on the right track, helps you avoid predictable problems, and leads you to success.

Getting Started

I look forward to working with you and your business, to meet with you, talk with you, and discover what's special about your endeavor. I am always baffled when people say, "I'm not ready to do a business plan." My mind tells me the exact opposite: "It is always the right time to plan." It is never too early or too late to get started.

But one thing is for sure. Once you have a functional business plan, you will wonder how you ever survived without it.

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Glen McCluskey is principal of Business Launch and Legal Services, PLLC a part of McCluskey Law Office. He works with new and existing small business owners to develop comprehensive business plans and provides legal services to business and legal support as set out in the plans. He can be reached at (651) 646-2669 or bizlaunch@glenlaw.biz

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Call To Action

If your goal is to be successful at what you do, focus on what you do best, and let me help you reach your goals through proper planning, execution and legal services.

Call me today at (651) 646-2669 for a free consultation.