“Become Your Own Boss is a must read if you’re thinking of launching a business of your own.”
—Jean Chatzky, Bestselling Author of Money 911 and Financial Editor, NBC’s Today Show

Become Your Own Boss
2ND EDITION

New Advice on Social Media Marketing and Crowdsourcing!

In 12 Months

A Month-by-Month Guide to a Business That Works

MELINDA F. EMERSON

Foreword by Michael J. Critelli, Former CEO, Pitney Bowes
Praise for Become Your Own Boss in 12 Months

“Become Your Own Boss in 12 Months: A Month-by-Month Guide to a Business That Works by Melinda F. Emerson is the best start-up book I have ever read! It is required reading for all entrepreneurs, both aspiring and established.”

—Alfred Edmond Jr.
SVP/Chief Content Officer, Black Enterprise

“Melinda Emerson provides a complete—and breezy—road map to make your transition from corporate to small business ownership. Become Your Own Boss in 12 Months is a must-read if you’re thinking of launching a business of your own.”

—Jean Chatzky
Bestselling Author of Money 911 and Financial Editor, NBC’s Today Show

“There are plenty of learning materials on the market but this one is by a writer who has been through the fire of experience. As you write your business plan, Melinda Emerson makes you feel like she is right in the room with you all the way! Any learning institution worth its salt uses great learning guides. Melinda Emerson’s newest guide to starting and growing your business is the spice your business training program needs!”

—Joanne Lenweaver
Director, WISE Women’s Business Center, Syracuse, NY

“Become Your Own Boss in 12 Months, 2nd Edition is better than ever! She provides an exhaustive list of tools to help you start your dream business and build a powerful social media brand.”

—Barry Moltz
Author, How to Get Unstuck: 25 Ways to Get Your Business Growing Again
“Don’t think about starting a business without reading *Become Your Own Boss in 12 Months*. Melinda Emerson provides a complete road map to make your transition from corporate to small business ownership. Her step-by-step process for starting and staying in business is practical and actionable. This is a must-read resource.”

—Gene Marks  
Author, *In God We Trust; Everyone Else Pays Cash*

“If you want to go from dreamer to business owner, Melinda Emerson has given you a road map for business success. Her Emerson Planning System is a practical way to build a successful business. Her insight into crowdfunding, content strategy, and social media marketing are invaluable, too. This is a must-have reference book.”

—Ramon Ray  
Publisher, Smallbiztechnology.com

“It’s everything you need to get from the start to the finish line, explained in real world language by a small business expert who actually walks her talk. Get Melinda Emerson’s book today so you can be your own boss in 364 days!”

—Misty Young  
Author, *From Rags to Restaurants*

“Read *Become Your Own Boss in 12 Months* to shave years off your learning curve. You’ll bring in revenue faster and avoid costly missteps. It’s a must-read for all entrepreneurs.”

—Jill Konrath  
Author, *Agile Selling* and *Selling to Big Companies*

“The 2nd edition of *Become Your Own Boss in 12 Months* is even better than the first one (and that first one was amazing)! Melinda provides everything you need to run your dream business.”

—Mike Michalowicz  
Author, *Profit First, The Pumpkin Plan*, and *The Toilet Paper Entrepreneur*
“Become Your Own Boss in 12 Months is a great handbook that can guide you through every step as you start and grow your small business.”

—Steve Mariotti
Founder, Network for Teaching Entrepreneurship (NFTE)

“Melinda Emerson has written a remarkable book. It is essential reading for anyone seeking to make the transition from working girl to successfully working it, as an entrepreneur.”

—Cynthia McClain-Hill
Past President, National Association of Women Business Owners

“The perfect companion for those planning to go out on their own. Melinda delivers firsthand practical advice on how to be the successful entrepreneur. Read it, if you want to get it right the first time.”

—Kenneth L. Shropshire
David W. Hauck Professor at the Wharton School of Business, University of Pennsylvania

“Melinda Emerson’s Become Your Own Boss in 12 Months touches every topic a successful entrepreneur needs to know. The book is written in clear and straightforward manner that you don’t need an MBA to understand, although many MBAs can benefit from its comprehensive span of virtually every relevant issue in business ownership. This is a book that I will recommend to many who seek my advice about the life and choices of a budding entrepreneur.”

—Lucy Reuben, PhD
Professor, Fuqua School of Business, Duke University

“Melinda Emerson is one of America’s pioneering and passionate entrepreneurs. Her efforts to share her experiences will no doubt inspire others to pursue their own entrepreneurial vision with the same determination and vigor that has made her successful.”

—Marc H. Morial
President, National Urban League
“Great step-by-step advice for anyone looking to start their own business.”

—Andrew C. Taylor  
Chairman and CEO, Enterprise Rent-A-Car

“This book is packed with practical information for starting and growing a business—including the tough realities that most guides skip over. What makes it powerful, however, is that it goes beyond how to start a business—it is about integrating personal and professional passions—and practical ways to achieve that. This is one of those books you will read and reread—and give extra copies to special friends.”

—Sharon Hadary  
Former Executive Director, Center for Women’s Business Research

“In the movies, entrepreneurs dream up an idea, fling open their doors and are richer than Warren Buffett three scenes later. Melinda Emerson knows what works in reel life is far less likely to work in real life. That’s why she gives you a detailed timeline to follow. She describes her twelve-month planning system as ‘your personal GPS’ and indeed it can keep you from getting lost.”

—Paul B. Brown  
Coauthor of the International Bestseller Customers for Life

“In Become Your Own Boss in 12 Months, Melinda provides a witty and entertaining ‘how-to’ guide for entrepreneurs. It provides a step-by-step plan for developing a business model and building a dream. The book is a must-have for anyone who is considering starting a new business.”

—Kathryn Y. Dove, Esquire  
Professor of Business Law, National American University
Become Your Own Boss In 12 Months

A Month-by-Month Guide to a Business That Works

MELINDA F. EMERSON

Foreword by Michael J. Critelli, Former CEO, Pitney Bowes

Avon, Massachusetts
For my JoJo. You are my heart. I love you to the moon and back.
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When I wrote the foreword to Melinda’s first edition of *Become Your Own Boss in 12 Months*, I did so as someone who learned about start-up companies from entrepreneurs like Melinda after such companies had been successful enough to be acquired by Pitney Bowes. I also validated her insights through the collective experience of friends and acquaintances who had started both successful and unsuccessful businesses.

I reviewed the manuscript for the second edition from the perspective of someone who parachuted into two completely different start-up businesses, the Dossia Service Corporation, a personal health records business, and the business of producing and distributing a feature film, *From the Rough*. Having operated two start-up businesses, after those who ran them in their earliest stages moved on, I can say, with the greatest enthusiasm, that Melinda’s insights are phenomenal in so many ways that I found it hard to figure out where to start describing them.

I would like to highlight five of her many key messages, because they particularly resonated with me:

- **Spend at least a year preparing to be an entrepreneur before you start down the entrepreneurship path.** Melinda does a phenomenal job walking any entrepreneur through a thorough list of items
to which an entrepreneur should attend before beginning operations. Her checklists are far more practical and experience-based than most I have seen in books written for entrepreneurs. She also wisely counsels entrepreneurs to work first for someone else in a related field to absorb as much relevant know-how as possible. Too many entrepreneurs jump into business without thinking ahead about not just the business plan issues, but also the practical operational issues they will face. Much of what happens in a new business surprises the entrepreneur and demands resilience. The successful businessperson minimizes surprises, so that he or she can focus on adapting to a manageable number of situations.

- **Make sure you have the financial, emotional, and family staying power to endure the inevitable delays, disappointments, and surprises a start-up business brings.** Better than anyone who gives advice to entrepreneurs, Melinda understands the psychological toll a business places on relationships and other life priorities. Many biographies of great business people certainly touch upon this subject, but most attribute the psychological and relationship issues to the personality of the person being profiled. Melinda wisely knows that relationship stress comes with the territory.

- **Make sure you are making, selling, or providing a product or service that a large enough population wants to buy.** Melinda does a superb job cautioning entrepreneurs that what excites them may not interest others enough to create a viable business opportunity. She provides a variety of easy-to-use tools and questions to help the entrepreneur determine whether a sufficient market exists for his or her product or service.

- **Most business success depends on the execution of the mundane details.** Most “how-to” books are great on big picture advice and on generic details. Melinda provides both of these kinds of insights, but
she also adds her personal touch on the kinds of details that determine success and failure.

Her insights about the importance of getting a good payroll tax processor or how to design and print good business cards are examples of details she identifies as having much greater importance than might first appear. I remember a friend who owned restaurants telling me that it was more important to profitable restaurant management than he would ever have imagined to determine who staffed the cash register and how napkins, salt and pepper, and water glasses were managed.

The art of leadership is to understand the details well enough to know which can be delegated, and which must retain the leader's direct focus.

- **Start and stay lean.** Although this would appear to be a well-accepted requirement of a start-up business, it is surprising how many businesses build large staffs and operations on the theory that looking big will attract business. Melinda has a wonderful set of tips on how to get as much as possible free of charge, get more at reduced prices, and be very slow to add fixed costs.

  Melinda implicitly rejects the “build it and they will come” approach taken by many first-time entrepreneurs, and she has lived this philosophy in her own life and business.

  There are many other gems in Melinda’s book, as well as her consultative work and her website. I strongly recommend this book to anyone operating or contemplating running any start-up business.

—Michael J. Critelli  
Former CEO, Pitney Bowes  
September 2014
How to Use This Book

What This Book Can Do for You

This book covers everything about starting and running a successful small business. When I wrote the first edition in 2008, the nature of business was quite different. Social media was not the powerhouse it is today. Mobile web marketing didn’t really exist. Local competition wasn’t global. But regardless of how the technology has changed the way businesses operate and engage with customers, one thing is the same: the world is still waiting on a better mousetrap. If you build something unique and special that solves a business problem, the world will beat a path to your door. Now is still a great time to start a small business.

Become Your Own Boss in 12 Months starts with life planning and clarifying your personal financial picture. Then it shifts to helping you identify your target customer and develop a marketing plan. We focus on financing your dream business, including leveraging crowdfunding to do it. The marketing section of this book has been completely updated to focus on establishing your brand, building your website and establishing a blog, developing a content strategy, and leveraging social media. Part Three of the book focuses on launching your business, bringing on staff, and han-
dling customer complaints. The final chapters help you measure how well your business is doing.

Before you write a business plan, you must develop a life plan. Why, you ask? Because you need to start a business that aligns with your personal and professional goals. Otherwise you could start a business that might not work for you. This book will help you develop a timeline for your transition from corporate America to small business ownership. Use this book as a blueprint to get your personal house in order so that you can quit your job in a way that minimizes any financial hardship for yourself and your family. If you are not exactly where you need to be with your finances, this book will also help you financially reposition yourself.

You must consider if you have the courage, persistence, confidence, skills, work ethic, and focus needed to succeed as your own boss. As well, you need to know if you can handle all the jobs entrepreneurs must do. You’ll be chief salesperson, secretary, payroll clerk, social media strategist, IT technician, and HR manager. Once you make a sale, you must service the customers.

Most people dream about owning and running a business and being successful beyond their wildest dreams. However, turning that dream into reality is an evolutionary process. It means not only having a solid business idea but also knowing the “business of running a business.” You will need to get your arms around stuff like accounting principles, legal issues, operation requirements, banking relationships and processes, and the needed human resources, branding, and financial management skills.

You must focus on numbers and measurement. If you don’t spend every day thinking about your business making money, then you’ll probably have an expensive hobby. Too many small businesses operate at a net loss and do not realize this until it’s too late. There are many money-draining traps that can ensnare small business owners. Use this book to reduce your learning curve about running your small business.
There are five questions every would-be entrepreneur should answer before going into business.

1. **How much does it cost to make your product or deliver your professional service?** There is a simple way to calculate your entire costs associated with your product or service. Look at your hard costs, including labor, materials, packaging, and shipping. Factor in a percentage of your soft costs too, such as marketing and your business support services.

2. **How much do you sell it for?** Look at the competition, and pull industry data to determine whether your cost plus a healthy profit margin is reasonable in the marketplace.

3. **Can your business be easily copied?** What is your secret sauce that only you bring to your business? If your business can be easily duplicated by bigger competitors, that is a sign that you might need to rethink it and come up with a unique twist.

4. **Does your marketing make sense?** Does the name of your business tell you (and everyone else) anything about what you do? Do you have a specific target customer for your product? Do you have a helpful website and a good shopping cart experience? Is your packaging attractive? Do you have a monthly marketing budget?

5. **Can you sell yourself?** In business, you are selling yourself as much as you are selling your product or service. You must carry the confidence to make people believe in you. First impressions are everything in business.

*Become Your Own Boss in 12 Months* will help you answer these questions and get your new business on the right track. If you use this book, you will no longer be fearful about quitting your job, because you will have a plan—a well-thought-out plan to launch your dream business. By following the action steps at the end of most chapters, you will not
become overwhelmed in this period of transition. You will know your target customer, build a strong brand, and anticipate challenges. Business success is never a straight line to the top. You must have a Plan A and a Plan B and even a Plan C to sidestep obstacles in your business. Anything can happen—from needing alternative suppliers, to adjusting your prices to address new competition, to making a major technology shift or reinventing your value proposition. The only remedy is “Solution” thinking.

When you are a start-up business, two things can quickly take down your business: lack of planning and lack of experience. This book will make you aware of the common mistakes that can trap a start-up entrepreneur.

The twelve-month timeline in this book is ideal; it is not meant to be restrictive. If you have strong financial reserves and exceptional credit you might fly through this book and start your business in six months or less. A sudden layoff could shorten your timeline. It might take eighteen months or longer to follow the steps if your finances are not where they need to be. None of this matters, as long as you have a plan. To achieve success as a small business owner today, you must know your customer, manage your brand online, keep in contact with existing customers, and do something to generate business every day. Invest in training and coaching to figure out what you do not know about running a business. Use me as a resource beyond this book. I’m @SmallBizLady on Twitter and my blog is www.succeedasyourownboss.com. I also offer a six-week BYOB Mastermind program that will walk you step by step through the systems I teach in this book. All my coaching programs will solidify your foundation to develop a sustainable and profitable small business. I am already claiming your success.
Before I became a parent, people told me that the first five years are the toughest for parents. That little person is dependent on you from the moment of conception to the day you put him or her on the yellow cheese wagon headed for kindergarten. Your job isn’t over once your child’s going to school full-time, but at that point children can do some things for themselves.

The same is true for a small business. If you think you work hard now, just wait until you become your own boss. You will come to know what the word “sacrifice” means. You’ll scale back eating out, buying the latest gadget, and shopping whenever you feel like it. You’ll cook at home and eliminate all unnecessary spending. Yes, that well-deserved steak dinner at your favorite restaurant is now an unnecessary expense. Small businesses typically take twelve to eighteen months to break even and three years to generate any profits. Year four is when a business blossoms into a self-sustaining entity. It
will take every bit of enthusiasm and energy you have to grow your business into a viable enterprise with a powerful social media brand.

Being a successful entrepreneur is also about having patience. You need to be patient with yourself, your employees, and most importantly, your customers. The sales won’t come as fast as you think they should, but if you can just hold on, being an entrepreneur can be your most satisfying professional experience.

So the first step is to decide whether you’re cut out to live this kind of life.

The Entrepreneurial Mindset

- You always think there’s a better way to do things.
- You’d prefer to be in charge.
- You think your boss is generally clueless.
- You feel underused by your supervisors and dissatisfied with your job.
- You know you would do things differently if it were your company.
- You sit at your desk calculating the amount of money you make for your employer, thinking that you should be working for yourself.
- You are convinced that you could do a better job than the folks above you.

Entrepreneurs are natural leaders. They are self-motivated and creative thinkers. They can make a decision quickly and stick to it. Entrepreneurs are visionaries, hard workers, and extremely perceptive. They typically have demanding personalities and are extroverted. They are risk takers who are always seeking to improve upon current conditions.

On the flip side, at times such people are stubborn and impatient. Entrepreneurs are not always good listeners or coachable, and can be territorial.
CHAPTER 1: So You Think You Want to Be an Entrepreneur

If any of this strikes a chord, if you feel these are qualities you possess, then entrepreneurship may be for you. But before you go into business, there are six things you must have:

1. A life plan
2. A solid business idea
3. Exceptional credit
4. A business plan
5. A supportive family or spouse
6. Faith

The Life of a Small Business Owner

Becoming your own boss means more than sacrifice. It means long, hard, consistent work, often with little reward up front. That’s why you need a life plan before you commit to your own business. You need to evaluate what you want out of life.

Consider the following questions:

- What kind of lifestyle do you want to have as an entrepreneur?
- How big do you want your business to get in terms of profits and staff?
- Will you have employees?
- How many hours a week will you work?
- Do you need to meet the school bus every day or take off every Friday?
- Are you willing to work seven days a week?
- Do you work well under stress?
- Will you need a partner and could you handle working with one?
- How will you fund your household while you start your business?
- Are you fit to work from home?
You may have a great business idea, but you must decide if it’s a good business for you and your family. Try this exercise: Close your eyes and think hard about what the best day in your business will look like five years from now. It may help if you write it down. Spend some time on it and get it fixed in your head.

Once you have that vision, consider what it will mean to you and to those you love for that day to become a reality. Be careful creating this vision. Make sure it includes personal and professional aspirations. Don’t confuse success with happiness.

**Your Business Idea**

Even if you come to the conclusion that you *can* be an entrepreneur, you must decide if you *should*. In other words, do you have a solid business idea? On a blank piece of paper, write down answers to the following questions:

- What problem are you solving for your customer?
- Does your business solve some unmet need?
- How much competition is there in your market?
- How will your business be different?
- Will you sell wholesale, retail, or both?
- Will your business be bricks and mortar, virtual, or both?
- Are you selling a product or a service or both?
- Will you need a foreign manufacturing partner?

Researching the industry and the potential customer is crucial. Your research will also help determine whether there’s a viable market for your product or service.
Know Your Business

Your business venture should be something in which you have experience or professional training. The only exception to this rule is if you buy into a franchise or take over an existing business. In those cases, the franchise company typically provides some training or there are people working in the business who can help provide institutional information about it. (Even in those cases, I would not suggest buying a food franchise if you have never worked in a restaurant.) I hold a degree in Communications Studies from Virginia Tech and I worked six years in television as a news producer before I started my multimedia production company. Work for a business like the one you want to start at least a year before starting on your own. Do not start a daycare center if you have never worked with kids, just because you heard those kinds of businesses make a lot of money.

Love the Work

On those hard days when there’s no money and plenty of work to do, your love for what you do will be the only thing that keeps you going. Also, when you love what you do, your customers can see that, and they will be that much more interested in doing business with you. Savvy business owners figure out how to do something they are passionate about and get paid for it.

EMERSON’S experience

There is always something that inspires or drives someone to become an entrepreneur. In my case, after three television news jobs, I decided I had to figure out another way to earn a living. Seven years earlier, as a sophomore in college, I had been inspired by Oprah Winfrey, who started Harpo Studios. I decided that one day I would have my own production company.
When I started my business, I had no idea how to use basic spreadsheet or presentation software. I barely knew Microsoft Word. One of my mentors let me call her administrative assistant and ask questions about how to format business letters, mail merges, and such. I am sure I gave her headaches, but she graciously gave me the support I needed. I later invested in computer-based training to learn the software I would be using.

**Consider Business Education**

If you’re in college and you think that you might ever want to start a business, double major or at least minor in business. If you are still in school and already interested in starting your own business, write an outline of your business ideas now.

As a business owner, you must constantly look for ways to improve yourself. Since I have been in business, I have been on the lookout for workshops, classes, or seminars on leadership and business. Start a library of books about small business, marketing, finance, sales, and leadership. In Appendix B, I have provided a list of the top ten small business books every entrepreneur should read. Use this list to gather even more information about running a business.

**How Are Your People Skills?**

Your ability to interact with people including customers, staff, and strategic partners will be critical to your business success. Many entrepreneurs get frustrated managing employees, even if they have management experience in a corporate setting. If you are a business owner who has never dealt with external customers or worked in a team environment, your people skills may need some work.

It all comes down to communication. Consider what you’re trying to accomplish and do your best to determine what level of communication is required. It could be a face-to-face discussion, a memo, an e-mail, a
handwritten note, or a phone call. Or you may need to use more than one method. Try to always end any interaction by recapping deliverables and any action items. Do not hesitate to follow up any communication in writing.

**It’s about the Money**

There’s no way around it: starting a business is expensive. It will be a while before you see a return on your investment. That’s why, before you hand the boss your walking papers and box up the personal things in your cubicle, you’d better make sure you and your family are on solid financial ground.

You’ll need exceptional credit, a high amount of savings—I’m talking about enough money to support yourself or your family for a year or two, along with a year’s worth of working capital. Sometimes this can come in the form of your spouse’s job, and sometimes it’s the nest egg that you’ve saved and scrimped and scraped together. Whatever the case, it’s essential that you start your business from a position of financial security. Otherwise, you could be finished before you have even started.

**Follow the Business Plan for Success**

Once you complete your life plan, an evaluation of your business idea, and your financial inventory, you will know what you want out of life as an entrepreneur and whether you’ve got the resources to get it. After your personal path is clear, it’s time to formulate your business model. Draw on the research you’ve already done on your industry: Learn the trends and make sure you understand how big the potential market is for your product or service.
Every small business needs a plan. You cannot be in business successfully without a business plan. Just as you would never take a trip without knowing how much money you were going to need for the whole vacation, how long it was going to take to get to your destination, and where you were going to stop overnight, you can’t start a business without knowing its costs and structure.

Everyone has great ideas, but ideas do not become businesses until they are written down as a plan. Writing a business plan is not as hard as you may think. Go online and use free business plan software such as www.enloop.com to help you get started. Pace yourself. Write or research for just two hours a day, before work or after the kids go to bed. Plan to invest enough time to get it right; my first business plan took me more than two months to complete.

After making a dent in your business plan with the software, take a business plan course from a nonprofit business training organization, Small Business Development Center (SBDC) (for a list, go to www.sba.gov/offices/headquarters/osbdc/resources/11409), Women’s Business Development Center (WBDC), or community college in your area. Remember: Until you have a complete business plan with financial projections, you are just a person with an idea. You are not in business! Tim Berry, noted business planning expert, says not having a business plan is like walking down a major city street with a blindfold on. Do not put your business at a disadvantage, by not setting measureable goals for yourself and developing a budget for your business. You’ll need a business plan to present to investors or bankers to get a small business loan. No one will loan you money for your idea without a business plan that has realistic financial projections.
I have rewritten my business plan every year that I have been in business. The third time I rewrote my business plan, I won a business plan competition in Philadelphia. The prize was $20,000 and free office space for a year.

Plans change once they’re exposed to the market. In the first year or two of your business, you must revisit your business plan every three to six months to see what has changed and update it to reflect the market conditions. This is your blueprint to stay on top of your business goals and projections.

A Supportive Family or Spouse

Business owners who are married can benefit from a spouse who supports the household financially and provides health benefits while the enterprise is getting off the ground. However, suddenly becoming a one-salary family is tricky. Make sure that your spouse is behind your decision. If not, your dream can turn into a nightmare. It is very hard to start a business. If you come home to negativity every night, your likelihood of success is that much tougher.

Treat your spouse, who is sacrificing alongside you, like your number one customer. Make sure there’s good communication between you. Show appreciation for the partner who works the 9 to 5 and will be doing most of the heavy lifting in the household, taking care of homework, dinner, and bed and bath for the kids, since your main focus will be this new business. Remember that eventually your spouse will want to see money coming in the door instead of going out.
Gotta Have Faith

If your business is a recipe, I believe faith is a key ingredient. Faith gives you the confidence to quit your job and the courage to go forward. You will need faith the most on those days when things do not work out. Faith in your business will help you make it right with the client, learn from your expensive mistakes, lick your wounds, and fight another day. Faith will help you trust your employees, vendors, and customers. Religious or not, you can always pray. After more than fifteen years in business I can tell you that prayer works too.

Is Entrepreneurship for You?

If, after reading this chapter, you put down this book and put your dream of entrepreneurship on the shelf, don’t feel bad. Not everyone is cut out to be an entrepreneur. But if you’ve read to this point and your passion and commitment and faith are still strong . . . go for it!
Karen had a small business knitting custom scarves at her kitchen table. One day, a man at her doctor’s office asked her about the lovely knit scarf she was wearing. She explained that she’d made it. The man’s wife was a department store buyer, and he was looking for a unique gift for her birthday.

Karen knitted a special scarf for his wife. The woman liked it so much she wanted to stock it in her store to test the market. If it did well, she planned to put the item in stores across the country.

The buyer asked Karen for 200 scarves. Without thinking, Karen said, “Sure. I’ll have them in sixty days.” But she had no manufacturer. She made all her scarves by hand.

Two friends from her knitting class helped her to produce the first order, but she knew she could not keep up with the demand. Karen worked night and day to deliver her product. At the same time, she feverishly cruised the Internet looking for suppliers and manufacturers. She quickly realized that her price point was too low to use an American manufacturer, so she started looking abroad.
After signing with an overseas manufacturer, she thought she’d solved the problem. But because of her inexperience, she didn’t factor in the time it takes overseas items to clear customs. Due to the delay, she missed her shipment to the department store. The store canceled her order. In the end, she lost a great deal of money on the transaction.

Author Stephen R. Covey said, “Begin with the end in mind.” When you design your business, you must decide how much you can take on, and how big you want your operation to become, and plan accordingly.

Why Does It Take Twelve Months to Plan?

What’s special about a twelve-month timeline for starting a small business? After coaching thousands of entrepreneurs and talking with small business experts across the country, and as I considered all of the expensive mistakes I had made early on in my first business, I developed the Emerson Planning System, a twelve-month process to transition from corporate America to small business ownership.

To see why it takes a year, ask yourself if you have:

- A 750 or higher credit score
- Zero debt (including no car payments)

Then consider if you have the following cash reserves:

- Twelve months’ salary in emergency savings
- Twenty-four months of monthly budget to run your household
- The first year of operating expenses to start the business

Catch your breath. I hope I didn’t just knock your socks off, but these are the financial requirements for starting a business! Reposition-
ing yourself financially may take a year or more. There’s no shortcut. When you first start out in business, your personal credit is your business’s credit. Banks typically do not extend loans or lines of credit until you’ve been in business two to three years. There are a few franchises that you can buy into that provide lending support, but it is still rare for a start-up to be able to borrow money beyond a microloan. In the beginning, your credit cards, home equity, 401(k), savings, and loans from family and friends are all you will have to start, then hopefully your next funding will come from your customers. You might also consider pursuing crowdfunding (see Chapter 12), but that’s a hard way to raise money to start a small business.

And this doesn’t take into account the time needed to develop your life plan, validate your business idea, develop your marketing strategy and your business plan, and get in place all the elements of your day-to-day operations. As you move through this book, you’ll see why it’s a twelve-month timeline.

Consider these statistics:

- It takes typically twelve to eighteen months for a small business to break even and three years to earn a profit.
- Less than 5 percent of all small businesses in the United States ever gross over $1 million in revenue.
- One in three small business owners will go out of business within the second year of operation.
- Eighty-two percent will go out of business by their fifth year in business.

For this reason, I encourage you to think carefully about timing your decision to quit your job. You’re doing yourself no favors by leaving your job prematurely. My twelve-month planning system is a plan for long-term success.
Additional Resources

Over the years, I have become so concerned about the general naiveté of would-be entrepreneurs that I wrote a special report on the subject, 44 Things To Do Before Going Into Business, which is available as a free download on my website, www.succeedasyourownboss.com. This report became the basis for the book that you are reading. I have updated the report, and you may find it’s worth a read, too.

EMERSON’S essentials

You need to develop a life plan, before you ever write a business plan. You need to make sure you are starting the right business for you and your family. Too many entrepreneurs underestimate and romanticize what is required to run a small business. Because starting your own business will mean such a radical shift in your lifestyle, you need to think through what this will mean. Only then are you ready to get into the nitty-gritty of your business planning.

What If You Don’t Have Twelve Months?

A year to plan and launch your business is ideal. Have people done it more quickly? Sure. Sometimes people are forced to start sooner. They’re laid off, get fired, or receive great early retirement packages. Needing an immediate source of revenue, they put their enterprises on the fast track.

I only planned for six months with my first business. The downside—and it’s a big one—is that I learned plenty of expensive lessons. If you live by a budget, have your debt under control, and a significant amount of savings, you may well be able to start your business sooner than twelve months. Others may take more than a year to get personal finances in order. But the point is that with such a tight economy, no entrepreneur can afford to waste time, resources, or any opportunities making expen-
sive mistakes. Once you start, you will get some on-the-job training, but that’s a luxury, and you can’t afford to waste it on things you should have known before you opened your doors. The Emerson Planning System gives you time to evaluate your life, gain control over your finances, validate your business concept, and then start a business while you are still working.

**Hard Times Bring Great Innovations**

Do not get discouraged in tight economic times. Great inventions and businesses have developed during difficult times in U.S. history.

Think of this book as a reference guide. It walks you through each phase—from your first brilliant idea, through life planning, developing your financial plan or repositioning, evaluating your business concept, developing a marketing plan, and writing your business plan, launching you all the way to your first year of business. Getting started down the path of entrepreneurship is more than a notion. It starts with a timely idea, then putting a proper business structure around it. Your time and money are on the line, and so are your dreams. Don’t put them at risk by not doing enough research and thoughtful planning.

There are six stages in the Emerson Planning System. This book walks you through the month-by-month planning system and through your first year in business. See the following diagram.

This is a great time to explore your entrepreneurial side; you just need to make sure that the business you start is the right business for you. This
planning process may seem like an exercise, but it’s really an opportunity to think everything through. You will be able to personally plan, grow, and research your business idea to make sure you are ready to meet the task of starting your small business.