

# #WeekendHack



**The Ultimate Cheat Sheet  
to Starting and Running  
Your Own Business**

# **The Ultimate Cheat Sheet to Starting and Running Your Own Business**

There have been questions. Hundreds. Actually most people have the same questions. It's time to answer them all over several Cheat Sheets. This is a bulleted FAQ on starting a business. It's no joke.

If you can think of anything to add, that would be great, please do so in the comments below.

There are many types of business. Agreed, it's harder to set up a business when you have a full-time commitment to something else. DON'T despair, that's why Question 3a is answered!

Depending on your business, some of these won't apply. All of these questions come from questions I've been asked.

*(And this is just the beginning. I also have 100 rules for being an entrepreneur)*

### **1) How long does it take to raise money?**

In a GREAT business, six months and in a mediocre business, infinity.

### **2) Should I blog?**

Yes. You must. Blog about everything going wrong in your industry. Blog personal stories that you think will scare away customers. They won't. Customers will be attracted to honesty.

### **3) Should I go for loan or venture capital money?**

No, get a customer. I never started a successful business that didn't start with a customer.

"But what about Google?" someone might ask.

Stop asking that.

First get a customer. Then build a product. Then look at "3a":

### **3a) Should I go for loan or venture capital money and then quit my job?**

No, turns out many successful businesses were started by people who did not quickly quit their jobs.

Starting a business is not about taking risks. It's 100% about risk mitigation.

Don't risk your livelihood. Larry Page stayed in graduate school for an entire year or so after he started Google.

Steve Wozniak stayed at Hewlett-Packard because he didn't want to give up his safe job.

I am not Larry Page or Steve Wozniak, but my first successful business sold for £1 million. I still stayed at my full-time job for 18 months before leaving for my business.

By the time I joined my own business full-time, we had about 12 employees and were completely funded out of profits.

That's when you can start thinking about raising money.

But first friends and family money, then angel investor money, then VC money.

Don't be an amateur.

#### 4) When should I give up on my idea?

When you can't generate revenues, customers, or interest for *two months*.

#### 5) How much equity should I give a partner?

Divide things up into these categories: manages the company; raises the money; had the idea; brings in the revenues; built the product (or performs the services). Divide up in equal portions.

#### 6) Should I quit my job?

No. Only if you have salary that can pay you for six months at your startup. Aim to quit your job but don't quit your job.

#### 7) How do I get new clients?

The best new clients are old clients. Always offer new services. For an active mind to stay ahead of the competition, write down every day of 3 new services to offer old clients, of the 6 months of doing this, you will have one or two most brilliant ideas. I guarantee it!

#### 8) What's the best thing to do for a new client?

Over-deliver for the first 100 days. Then you will never lose them.

#### 9) Should I ever focus on SEO?

No.



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## 10) Should I do social media marketing?

No.

## 11) What are the signs of an amateur?

- Asking for a Non-Disclosure Agreement (NDA).
- Trying to raise a loan or venture capital money before a product or customers.
- Having fights with partners in the first year. Fire them or split before anything gets out of control.
- Worrying about dilution.
- Trying to get Richard Branson to invest because “this would be great for Virgin.”
- Asking people you barely know to introduce you to Richard Branson.
- Asking people for five minutes of their time. It’s never five minutes, so you are establishing yourself as a liar.
- Having a PowerPoint that doesn’t inform me how I will make money from your product. I need to know that there is a small chance there is a 100x return on money.
- Catch 22: SHOWING people there’s a small chance there’s 100x return on their money. The secret of salesmanship is getting through the Catch 22.
- Rejecting a cash offer for your company when you have almost no revenues. Hello Friendster and Foursquare.

## 12) What are the signs of a professional?

- Going from bullshit product to services to product to SaaS product. (Consequence: The reverse is amateur hour.)
- Cutting costs every day.
- Selling every day, every minute.
- When you have a billion in revenues, staying focused. When you have zero revenues, staying unfocused and coming up with new ideas every day. Write down 10 ideas every day. About anything and everything. Your life will be different every 6 months.
- Saying “no” to people who are obvious losers.
- Saying “yes” to any meeting at all with someone who is an obvious winner.

- Knowing how to distinguish between winners and losers (which is the subject of an entire other post, but in your gut, you know – trust me).

### **13) What should the CEO's salary be?**

No more than 2x your lowest employee if you are not profitable. This even assumes you are funded. If you are not funded, your salary should be zero until your revenues can pay your salary last.

Important rule: The CEO's salary is the last expense paid in every business.

### **14) When should I have sex with an employee?**

When you love him/her and the feeling is mutual.

### **15) Should I ever worry about the news or the economy?**

Absolutely not. The best businesses are started in horrible economies.

### **16) What happened to all of my friends?**

You don't have any more friends.

### **17) Should I spin off this unrelated idea into a separate business?**

No. Make one business *great*. Throw everything in it. Do DBAs to identify different ideas.

### **18) I made a mistake. Should I tell the client?**

Yes. Tell him everything that happened. You're his partner. Not the guy that hides things and then lies about them.

### **19) I undercharged. What should I do about it?**

Nothing. Charge the next client more.

### **20) I have a lot of traffic but no revenues. What should I do?**

Sell your business. There's only one Google. (Well, there are two or three Googles: Facebook, Twitter, etc., but none of them are you.)

**21) I've been in business now for six years, and my business doesn't seem to be growing. It's even slowing down. What should I do?**

Come up with 10 ideas a day about new services your business can offer. Try to get a customer for each new service.

I know one business in this situation that refuses to do this because their Banks and VCs are telling them to focus more. You're going to go out of business otherwise.

**22) How do I market my app?**

Friends and then word of mouth.

**23) Do I listen to Banks and venture capitalists?**

Yes, of course. They gave you money. But then don't do anything they ask you to do.

**24) Should I care about margins?**

No. Care about revenues.

**25) When should I hire people full time?**

When you have revenues.

**26) Under what category shall I register my business as?**

It really isn't that hard! See the [Gov.Uk](https://www.gov.uk) website. Really is simple!

**27) What part of the country should I incorporate in?**

Where are you based? You can always travel. Even then, do you need to travel?

**28) Should founders vest?**

Yes, over a period of four years. On any change of control, the vesting speeds up.



**29) Should I patent my idea?**

Get customers first. Patent later. Don't talk to lawyers until the last possible moment.

**30) Should I require banks or venture capitalists to sign NDAs?**

No. Nobody is going to steal your idea.

**31) Should I have a technical co-founder if I'm not technical?**

No. If you don't already have a technical co-founder, you can always outsource technology and not give up equity.

**32) Should I barter equity for services?**

No. You get what you pay for.

**33) Should I build a product?**

Maybe. But first see if, manually, your product works. Then think about providing it as a service. Then productise the commonly used services. Too many people do this in reverse and then fail.

**34) How much dilution is too much dilution?**

If someone wants to give you money, then take it. The old saying, "100 percent of nothing is worth less than 1 percent of something" is true.

**35) What if nobody seems to be buying my product?**

Then change to a service and do whatever anyone is willing to pay for using the skills you developed while making your product.

**36) If a client wants me to hire their friend or they won't give me the business (e.g. like a bribe) what should I do?**

Always do the ethical thing: Hire the friend and get the client's business.

**37) What do I do when a customer rejects me in a B2B business?**

Stay in touch once a month. Never be angry.

**38) In a B2C business?**

Release fast. Add new features every week.

**39) What if my client asks me to do something not in my business plan?**

Do it, or find someone who can do it, even if it's a competitor.

**40) Should I ever talk badly about a partner or an employee even though they are awful?**

Never gossip. Always be straight with the culprit.

**41) I have lots of ideas. How do I pick the right one?**

Do as many ideas as possible. The right idea will pick you.

**42) Should I get an office?**

No, not unless you have revenues.

**43) Should I do market research?**

Yes. Find one customer who DEFINITELY – without a doubt – will buy a service from you. Note that I don't say buy your product, because your initial product is always not what the customer wanted.

**44) Should I pay taxes?**

No. You should always reinvest your money and operate at a loss.

**45) Should I pay dividends?**

See above.

**46) When should I fire employees?**

When you have fewer than six months' burn in the bank and you aren't getting revenues growing fast enough.

**47) For what other reasons should someone fire an employee?**

- When they gossip.
- When they don't over-deliver constantly.
- When they ask for a raise because they think they are making below industry standard.
- When they talk badly about a client.
- When they have an attitude.

**48) When should I give a raise?**

Rarely.

**49) How big should the employee option pool be?**

15 to 20 percent.

**50) How much do advisers get?**

One-fourth of 1 percent. Advisers are useless. Don't even have an advisory board.

**51) How much do board members get?**

Nothing. They should all be investors. If they aren't an investor, then one-half of 1 percent.

**52) What if one client is almost all of my revenues?**

Treat them very nicely. Don't forget the Christmas gift basket.

**53) What's the best way to sell anything?**

Show arbitrage: If they pay X, now they are buying something worth  $X * Y$ . That is the ONLY way to sell.

**54) What is the best way to sell anything?**

Part II: fear and agitation.

Get them afraid: *The world is falling apart!*

Then get them agitated: *This is the only way to stop it.*

**55) What's the best way to talk about my competition in a meeting?**

Use "choice ambiguity" (Google it). Say, "All of my competition is great. I wouldn't even know how to choose among them."

**56) What's the best way to value a company?**

Ask yourself (no BS): How much would it cost to recreate the technology, services, brand, and customers you have already built. Then quadruple it and see what people would pay.

**57) How do I charge more for my services?**

Itemise as finely as possible and charge for each item.

**58) Do I charge per hour, per project, or per month?**

First per project, then per-month maintenance.

**59) How do I prepare for a meeting?**

Know everything about the clients. Their competition, employees, industry. Over-read everything.

**60) What is the only effective email marketing?**

Highly targeted email marketing written by professional copywriters, and an email list made up of people who have bought similar services in the past six months.

*60a) Consequence: If you have zero skills as a copywriter, then everything you write will be boring.*

**61) Should I give stuff away for free?**

Maybe. But don't expect free customers to turn into paying customers. Your free customers actually hate you and want everything from you for nothing, so you better have a different business model.

**62) Should I have schwag?**

No.

**63) Should I go to load of conferences?**

No.

**64) Should I go to industry parties?**

No.

**65) Should I hire people because I can travel on a seven-hour plane ride with them?**

Don't be an idiot. If anything, hire people the opposite of you. Or else, who will you delegate to?

**66) When should I say "no" to a client?**

When they approach you.

**67) When should I say "yes" to a client?**

Every other conversation you ever have with them after that initial "no."

**68) Should I have sex with an employee?**

Stop asking that.

**69) Should I negotiate the best terms with a VC?**

No. Pick the VC you like. Times are going to get tough at some point, and you need to be able to have a heart-to-heart with them.

**70) Should I even start a business?**

No. Make money. Build. Then start a business.

**71) Should I give employees bonuses for a job well done?**

No. Give them gifts but not bonuses.

**72) What should I do at Christmas?**

Send everyone you know a gift basket.

**73) If my customer just got divorced, what should I say to him?**

"I can introduce you to lots of women/men."

**74) Why didn't the VC or customer call back after we met yesterday and it was great?**

They hate you.

**75) Why didn't the above call back after we met yesterday and it was great?**

"Yesterday" was like a split second ago for them and a lifetime for you. There's the law of entrepreneurial relativity. Figure out what that means and live by it.

**76) Should I hire a professional CEO?**

No. Never.

**77) Should I hire a head of sales?**

No. The founder is the head of sales until at least 10 million in sales.

**78) My client called at 3 a.m. Should I tell him to respect boundaries?**

No. You no longer have any boundaries.

**79) My investors want me to focus.**

Should you listen to them? No. Diversify in every way you can.

**80) I personally need money. Should I borrow from the business?**

Only if the business can survive for another six months no matter what.

**81) I just bought two companies. Should I put them under the same roof and start consolidating?**

No. Not for at least two years.

**82) What do I do when I have doubts?**

Ask your customers if your doubts are trustworthy.

**83) I have too much competition. What should I do?**

Competition is good. It shows you have a decent business model. Now simply outperform them.

**84) My wife/husband thinks I spend too much time on my startup.**

Divorce them or close your business.

**85) I'm starting my business, but I have relationship problems. What should I do?**

Get rid of your relationship.

**86) Should I expand geographically as quickly as possible?**

No. Get all the business you can in your local area. Travel is too expensive time-wise.

**87) How do I keep clients from yelling at me?**

Document every meeting line-by-line, and send your document to the client right after the meeting.

**88) I have an idea for an app but don't know how to execute. What should I do?**

Draw every screen and function. Then outsource someone to make the drawings look like they come from a real app. Then outsource the development of the app.

Get a specific schedule. Micromanage the schedule.

**89) I want to buy a franchise in X. Is that a good idea?**

Only buy a franchise if it's underperforming and you can see how to improve it. Don't buy on future hopes; only buy on past mistakes.

**90) I want to buy a franchise in X. Is that a good idea?**

Rely on the three Ds: death, debt, divorce.

When someone dies, the heirs will sell a business cheap.

When someone is in debt, they will sell a business cheap.

When someone divorces, the couple usually has to sell a business cheap.

IMPORTANT: Even if the trends in the industry are in your favor, you CANNOT predict the future. But you can use the past to help you get a deal. Always get a deal.

**91) I have no traffic. How do I get traffic?**

Shut down your business.

**92) Should I hire a PR firm?**

No. Do guerrilla marketing. Read "Newsjacking" and "Trust Me, I'm Lying."

PR firms screw up from beginning to end. The first time I hired a PR firm, instead of sending me my contract, they accidentally sent me their contract for "Terry Bradshaw." He was paying £8,500 a month. Was it worth it for him?

**93) My competition is doing better than me across every metric. What should I do?**

Don't be afraid to instantly shut down your business and start over if you can't sell it. Time is a horrible thing to waste.



**94) Is it unethical to run my business from the side while still at my job?**

I don't know. Did God tell you that in a dream?

**95) My customer called me at 5 p.m. on a Friday and said, "We have to talk." And now I can't talk to him until Monday. What does it mean?**

It means you're fired.

**96) XYZ just sold for £100 million. Should I be valued at that? I'm better!**

No. No you shouldn't.

**97) Investors want to meet me and customers want to meet me. Who do I meet if I need money?**

You should know the answer to that by now.

**98) If an acquirer asks me why I want to sell, what should I say?**

That you feel it would be easier for you to grow in the context of a bigger company that has experienced the growing pains you are just starting to go through. That  $1 + 1 = 45$ .

**99) I just started my business. What should I do?**

Sell it as fast as possible (applies in 99 percent of situations). Sell for cash.

**100) I can change the world with my technology.**

No you can't.

*100a) Corollary: Don't smoke crack.*

**101) If you're so smart, why aren't you a billionaire?**

Because I sold my businesses early, lost everything, started new businesses, sold them, and got lucky every now and then.

*101a) Corollary: These rules don't always apply. But like Kurt Vonnegut said, "If you want to break the rules of grammar, first learn the rules of grammar."*

**RULE #infinity:** You create your luck by being healthy and not regretting the past or being anxious about the future.

Don't forget: If you have something to add or disagree with anything, let me know in the comments.

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