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innovations

Be your own boss
business fundamentals

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iW INSIGHTS

It's tempting to think that you must have everything in place before you venture out into the market, including a perfectly polished website and an award-winning logo.

But in fact you don't need all that much to start earning money as an independent worker – just sort out the basics and then you can add and refine as you develop your business.



the Fundamentals

1 } Develop Your Business Plan

Define your overall vision, mission and goals. Learn how to utilize your unique talents and set specific, measurable and attainable objectives.

2 } Address Your Business Needs

With no defined hours or specific on-site office, you must address and build a business infrastructure for you to operate from.





Why are you doing this? What impact do you want to have? This isn't about money – it's about your ultimate legacy.

Creating a simple business plan really focuses the mind. It forces you to think about where you want to get to and helps you craft a compelling pitch that will get clients excited about working with you.

No need to make this process too laborious - things will inevitably change as you respond to the realities of the market. As Mike Tyson used to say, "Everyone has a plan until they get hit."

You'll need to strike a balance between maintaining a clear direction while still remaining flexible enough to seize opportunities that present themselves. Here's a simple structure to help you get some thoughts down on paper:

develop your business plan } vision

Take Steve Jobs, for example. His vision for the Apple computer company extended far beyond developing new technology products and battling over market share with competitors.

Apple's ultimate legacy was **"to make a contribution to the world by making tools for the mind that advance humankind."**

Under his leadership, the company focused on building **"tools"**, not products for their customers - tools that would be used to advance humankind...

This strategy created an identity directly tied to ownership of Apple products. The brand became a cultural identifier. Owning an Apple device conveyed a sense of ingenuity,

intelligence and most importantly, status.

Every decision at Apple incorporated this overall vision.

In that, Jobs saw more value than market domination (read, **"Microsoft"** and their vision of, **"A computer on every desk and in every home."**).

Regardless of what you believe of Jobs, his management style or his products, the overall strategy has more than paid off. Apple is one of the most profitable companies in the world and has developed a near religious following with lifelong customers who willingly spend a thousand dollars for a cellphone.

This goes to show that it really doesn't matter how realistic the vision is. Unlike goals (which

we'll get to) the vision doesn't need to be achievable. But, it's really valuable to have one because this is what gets you through those tough times that you will inevitably face when you're working for yourself.

When you know why you're doing it, you'll have the motivation to weather the storm.

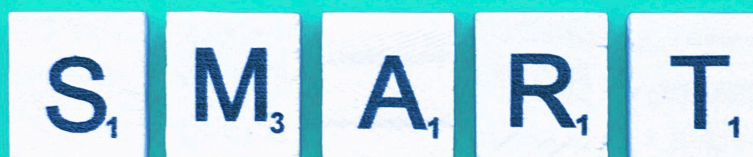
Try to capture your vision as a pithy single sentence.

The Alzheimer's Association has a neat one: **"Our vision is a world without Alzheimer's disease"**. Stick it on your wall and you'll be surprised how powerful this can be.

} mission

The mission is a bit more practical, focusing on the here and now, rather than the desired outcome in the future. It's about what you do, who you do it for and how you do it. This can be a short paragraph.

For example, the Alzheimer's Association's mission is: **"To eliminate Alzheimer's disease through the advancement of research; to provide and enhance care and support for all affected; and to reduce the risk of dementia through the promotion of brain health."**



} s·m·a·r·t goals

Unlike the vision, your goals should be achievable.

SMART goals are: **Specific, Measurable, Attainable, Realistic and Targeted.**

You can set goals each year or each quarter, based around things like the number of clients you want to have, the type of clients, revenue, profit and so forth.

So don't just say, **"I want to make more money this year."** Instead, make it a SMART goal by saying **"I want to earn 100K this year by doubling my day-rate and landing two 3-month contracts at the new rate."**

Oh, and if you're thinking that doubling your day-rate falls short of the 'R' in SMART, then you might be right, but you won't know for

sure until you try it. To judge what is realistic, it's better to have hard evidence, rather than just guessing.

One of your goals could be to test the new rate by pitching it to 20 people.

If you get 20 rejections, then maybe there are grounds to reconsider the rate. One or two rejections wouldn't be enough to constitute hard evidence - there may still be people out there willing to pay the higher rate, just that you haven't found them yet.

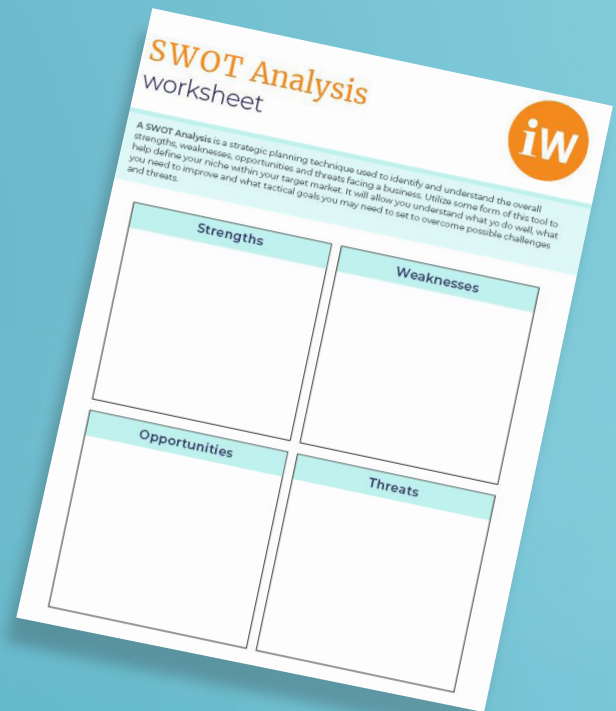
Another thing to consider when setting goals is how your goals will affect the other people who depend on your business, such as family. Are your business goals compatible with their personal goals and aspirations?

iW INSIGHTS

An excellent way to develop strategic planning for your business is to build a **SWOT** analysis. There are several different formats to choose from, but essentially the model aims to answer the following:

- What kind of person is likely to be your best client? What is their job title and what kind of company do they work for?
- What are the trends in the industry where your client works? Is it a volatile market? Is the industry growing, or is it starting to decline?
- What is your pricing model? Will you charge an hourly/daily/weekly rate, a project fee, or some other revenue generating system such as a membership subscription?
- Who are your main competitors and/or collaborators? What are they doing?
- What are your strengths, weaknesses, opportunities and threats.

SWOT
worksheet on
last page



the Elevator Pitch

Your mission statement should give you most of the content you need to write a compelling externally facing pitch that you can drop into conversations with potential clients.

A pitch is a short statement that conveys your value proposition.

It is commonly referred to as an **'elevator pitch'** because it should be concise enough so that you can say it to someone you meet in an elevator.

This is what your pitch might look like:

"I'm a [insert broad descriptor, e.g. 'structural engineering consultant']. I work with [insert the type of client you work with, or want to work with, e.g. 'FTSE100 engineering firms'] to [insert how you would solve the client's problem, e.g. to 'build suspension bridges in politically unstable areas']"

Notice the last line **"in politically unstable areas"**?

This is an example of someone who has found a niche within a niche, creating a unique differentiator. There may be lots of people who can build suspension bridges, but how many can do it in a war zone?

It really helps your pitch to stand out if you can create a very defined specialist solution. Trying to be all things to all people makes for a very weak pitch.

Clearly some specialisms have more natural drama attached to them than others. But that doesn't mean that a potentially dry topic can't sound exciting.

The key is to identify a problem that is causing a particular group of people a lot of pain.

As long as you know how to take away their pain, it will sound extremely exciting to them! And what's more, your awareness of the amount of pain you're relieving will help you inject passion into the pitch.





“A goal without
a plan is just a
wish.”

-Antoine de Saint-Exupéry

address your professional needs } 1 - 8

1 licenses

Depending on the specific nature of your work, you and your business may require additional professional necessities. Including but not limited to professional liability insurance and state specific licenses. Most businesses in the United States do require a combination of licenses and permits for federal and state agencies.

In order to operate your business in compliance, be certain to check all state and federal regulations for your industry.

2 insurance

Again, depending on the work your business, additional insurance may be required in order to operate. Laws requiring specific insurance by state vary so ensure you know the legal requirements of each state you operating in.

Additionally, business insurance is an excellent way to protect you and your business from any unexpected costs, accidents, natural disasters or lawsuits.

Even the protections afforded to your business from setting

up as an LLC may only protect your personal assets. Additional insurance can further protect all aspects of both your business and personal assets from unexpected incidents.

There are several different types of insurance plans that can provide thorough coverage for you and your business.

3 workspace

Unless you work full-time from your client's premises (which many contractors do), you'll need somewhere to

base yourself with the proper communication avenues for clients to reach you.

As an independent contractor you may be free to work within the environment you find most productive, comfortable and fitting.

Working from home is often the option of many independents, but doing so does present some issues. Yes you could work from your kitchen table, but you need to consider the practicalities. If you have a family, how will that affect them if there is no division between work and living areas? Even if you live on your own, how will you switch off at the end of the day if you eat, sleep and work in the same place?

As long as you address these issues, there can be many advantages to working from home. You save on the commute, it can keep costs lower, you avoid all the typical office interruptions and 'chat gaps' and it can give you more flexibility to juggle all the different aspects of living and working.

4 home office?

Some people find that working from home can be too isolating, or causes too much conflict with the home life, so they prefer to rent commercial office space that is completely removed from the household and 100% dedicated to work.

This can be anything from a hot-desk or shared space to fully serviced offices. As it's your business you can choose the location to suit your needs – you may be able to find a professional and affordable space within walking distance from your home.

5 client site

Many contractors do work on the premise of their client. Being restricted to a specified office does have some limitations.

If this option exists, assess the reasons of why you need to be there every day. For example, do you need to plug into specialist equipment housed at the client site, that you couldn't supply

yourself? Do you need daily face to face contact with the project team, or would it work better to have periodic project update meetings?

If there aren't compelling reasons, you may be better off using your own base to work from. Technology effectively allows you to access everything simultaneously on all your devices - computer, phone, tablet, or even from someone else's computer if you're caught on the hop.

6 tips

- Treat your working time as seriously as if you were working at an office
- Create hard boundaries between work time and home time
- Aim for a definable, permanent workspace
- Installing a separate telephone line lets you make a clear distinction between your work and home life - when you finish working, let business calls go to voice-mail
- Get specific insurance coverage for your business equipment
- If you are freelancing, arrange the occasional meeting with those you work with - personal contact is so much more memorable than email or phone conversations
- Timetable breaks - include sessions away from work to eat, exercise and socialize.



7 set up your phone

You may already have a phone and email for personal use, but it's better to set up separate services for your business. Not only does this give a more professional image, but in many cases you should be able to claim it against tax – for example if your mobile is billed to your limited liability company you can claim the whole amount.

It's important that clients feel confident they can get hold of you. Agencies in particular are very keen to have a reliable mobile number where they can reach you. Skype and Zoom are becoming very standard in business now, so it really makes sense to set up an account with one of these services if you don't already have one.

With some phone providers you can even set up numbers in a range of different countries if you have international clients and want to give them the option of dialling a local number. You pay a fixed monthly fee, allowing you to make unlimited calls to specified countries.

Some freelancers also swear by call answering services. If you are in a meeting, or in the middle of a project, an operator will answer the call in your name take a message – some clients like the fact that they can deliver the message to a person rather than a machine.

8 set up your email

If you're setting up your email using Outlook or a similar program, it will probably ask you if you wanted to use POP3 or IMAP. If you're wondering what the difference is – IMAP is the option that allows you to keep everything in the cloud. Select this option to have a mirror image of your email available online, automatically synchronising with all your devices.

Just be sure to keep an eye on the storage space provided by the company that hosts your email as you will stop receiving emails if the storage runs out. However, these days it's usually pretty cost-effective to contract unlimited storage.

Using cloud technology effectively allows you to access everything simultaneously on all your devices - computer, phone, tablet, or even from someone else's computer if you're caught on the go.



SWOT Analysis

worksheet



A SWOT Analysis is a strategic planning technique used to identify and understand the overall strengths, weaknesses, opportunities and threats facing a business. Utilize some form of this tool to help define your niche within your target market. It will allow you understand what you do well, what you need to improve and what tactical goals you may need to set to overcome possible challenges and threats.

Strengths

Weaknesses

Opportunities

Threats

THINK
DIFFERENT

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