7. Starting Fresh with No Clients to Convert

Many people have asked me whether this book will help new IT consultants to get going as managed service providers. In all honesty, I have to say that a lot of the first edition was so focused on existing companies that it was only about 50% useful to new consultants.

While there was plenty of advice that applies to everyone, "newbies" were not the focused audience. In this second edition I want to help both groups equally. So there are several new chapters written with new IT companies in mind, including this one.

If you haven't done something before, you sometimes don't know where to start or what you want to do exactly. You're good with computers and networks. You enjoy that world as a hobby and a job. But how do you run a business?

There are entire books on how to start a business – and even how to start an IT consulting practice. So I have no intention of tackling all that here. But I will try to give some good advice specifically for those who want to be managed service providers.

Please Read: *The E-Myth Revisited*

The best book I read when I started my business was *The E-Myth Revisited* by Michael Gerber. I always consider myself lucky to have found this book early on. It is full of great lessons, but let me focus on the three I prize the most highly:

1. To be successful, you must spend time working ON your business and not IN your business.

2. Just because you are good with some skillset does not mean you will be good as a business owner.

3. Standardize and systematize everything you can. Everything means everything.

When I take on new coaching clients, 100% of them know that they are spending too much time "in" their business and not "on" their business. 100% of them have few or no standard operating procedures or business processes. 100% of them have come to realize that the business side of this business needs a lot of help.

This chapter is not about the nuts and bolts of getting your business set up. It is pretty easy to set up a business, get the licenses you need, find products to sell, and get going. What's hard is to focus your business on the *right things* from the start.

There are six major foundation stones you need to set in place before you start building your successful managed service business:

First, define your personal goals and lifestyle.

Second, define your company's purpose and goals.

Third, find and implement a remote monitoring and maintenance (RMM) tool to deliver your services.

Fourth, find and implement a professional services automation (PSA) tool to run your business.

Fifth, properly set up your financial tool (e.g., QuickBooks) so you can monitor the financial health of your business and develop strategic plans.

Sixth, develop rigorous processes and procedures so your business will run well – with you or without you.

Many activities are built on this foundation. And each of the foundation stones has a great deal of detail that needs attention. Plus there are other activities you may choose to pursue. For example, you might decide to develop a serious sales and marketing plan. If you do, that plan will require processes to keep your company moving forward and growing.

This book is largely about picking the right tools (RMM, PSA, financial). The chapters ahead will touch on all six areas to some extent.

Eventually, when you have become a managed service provider and put all these foundational pieces in place, you will need to address a few hundred specific details. But as far as accomplishing the basics and signing your first contract, you will make amazing progress in short order.

And Yes! You can become a managed service provider in a month!

Your Roadmap to Success

The most important step in any path to success is to create a roadmap. That means you need a personal mission, a personal vision for the future. Those will lead you to specific goals. If you don't know *why* you're doing all this, you better figure it out fast.

If you don't know why your business exists and what you want it to do, then you can't possibly achieve your goals! You don't know where you're going, how to get there, or whether you've arrived!

Your core goals cannot be about money. You can make money doing anything. The important question is, why do you want money? Lifestyle? Retirement? Travel? To fund charities?

Once you know why you work, then you can figure out why your business exists. Once you have a roadmap you will be able to figure out why your business exists. Once you have a roadmap you will be able to figure out why you should do and should not do.

There are lots of books on goal-setting and work-life balance (see the resources at the end of this chapter). For now I just encourage you to take this seriously and work on it. It can honestly make everything in your life better and everything in your business more successful.

Please Don't Do Break/Fix!

I like to give people two pieces of advice about picking their business model:

- You don't have to pick up every nickel you find.

- You don't have to adopt every stray puppy that shows up on your doorstep.

Many people start out in business taking any work they can find. This is the single most tempting *bad habit* that any business owner can have. It is the exact opposite of having a focused, clear vision about the path to your success.

Business owners lie to themselves when they take on break/fix work.

"This is short term."

"I have to."

"Once I get established, I won't do this anymore."

It is just like being an addict. You get sucked into the world of break/fix and you can't get out. First you lie to yourself about it, then you lie to those around you.

Here's why break/fix is evil. First, it is the least efficient labor you can sell. It takes all of your time and attention for each hour you bill. In fact, second, you bill for fewer hours than you work because . . .

Third, the clients who have a break/fix mentality and the folks who put off repairs as long as possible always buy the cheapest stuff, and want you to support it forever.

Fourth, every hour you spend working with break/fix cheapskates is an hour that could be used to find a managed service client who is willing to spend at least $1,000 per month with you.

Here is an absolute truth you can either accept now or learn over the years ahead: *There are people who invest in technology and there are people who begrudgingly spend money on technology*.

You can get rich off the people who are willing to spend money. If you only serve people who spend money begrudgingly, you will struggle to survive. That is not an exaggeration. Many people get into this business assuming they'll get rich charging $100/hr but they struggle every month to pay their bills!

Technology consulting is a people business – a service business. You probably like people more than most nerds or you would have gone into some other business. So when these break/fix clients come along, you want to help them. Two things are going on here.

First, they come to you with a problem. And it's a problem you can fix. Second, you know instantly that you can make some money here. One hundred, two hundred. Maybe even five hundred dollars. This is the lost puppy syndrome: Here's a