

# BUILDING YOUR CLIENT-BASED BUSINESS TO REACH ITS FULLEST POTENTIAL

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**April 18, 2017 is a day I'll never forget.** I had recently started a business to provide big business tax strategy and advice to small businesses. That included filing tax returns. April 18th was the first litmus test of the business. It was the first day taxes were due for my clients... And I had to file extensions for 88% of them.

I failed to deliver on my promise, and I still get a pit in my stomach thinking about it.

After that, I committed myself to developing contingency plans for my business and processes to help me actually complete the work. I dedicated myself to building relationships and instituting a referral system. I built a better team. I did everything I needed to do to make sure I would never again fail so spectacularly for my clients.

Over the last 3 years, I've used the lessons I learned from that failure to build a six-figure business that runs largely without me. And now, I am going to show you how I built my business to reach its full potential, so you can do the same for yours.

Then, I'm going to walk you through the four tell-tale signs that it's time to move from Operator to Owner.

## **HOW TO BUILD A SUSTAINABLE CLIENT SERVICES BUSINESS**

On April 18, 2017, I realized that, without major changes, my business would fail. There wasn't a maybe to it. My business was doomed unless I stepped up and grew up as a leader and business owner. In that process, I found 5 steps that would give my company the best chance to go from fledgling startup to established business.

### **STEP 1: ALWAYS HAVE A CONTINGENCY PLAN**

There's something I haven't told you yet about my company...I didn't start it alone. I was working with a CPA who had joined with the hopes of helping me grow it into a steady and reliable source of revenue for both of us. On April 10, he told me he would not be able to help with tax returns. He was too overwhelmed with other commitments. And, like that, I was left without a CPA to prepare taxes for my clients.

I thought through all my options until I came to the dark realization that there was nothing I could do to get the work done on time. I resolved then that I would always have a contingency plan.

So I built my network of CPAs and tax preparers. I doubled-down on hiring bookkeepers. I did everything in my power to make sure the success or failure of my business didn't rely on one person.

You can never predict the future, but you can plan for worst-case scenarios like this. Don't leave yourself in a lurch. Plan for all you can. Then, make actionable contingency plans you can implement at a moment's notice. Your business will thank you.

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## STEP 2: MAKE YOUR BUSINESS PROCESSES

In a business management company, there are many repeatable tasks you have to do over and over again. You have to make tasks like that into processes.

When I think of companies who excel at process-building, I think of McDonald's. They have something called Hamburger University — a campus dedicated to teaching McDonald's management how to implement the processes that have made the brand so successful.

I didn't go full *Hamburger U* on my business, but I did take intentional steps to implement processes to make sure no single team member was responsible for any task completely by themselves. You can do the same thing in your business.

Is there a task that you handle multiple times a month? Make a simple screenshare video of it, and distribute that to team members. See who has an aptitude for it. Let them try to implement the process, and then refine it. (I love the Chrome extension Soapbox for this.)

## STEP 3: BUILD CLIENT RELATIONSHIPS

Make sure your client relationships are two-sided. Know about your clients. Ask about their family. Know their major goals for their businesses.

There are several important reasons to do this (not the least of which is to be a caring human being), but a huge reason is this: When you know your clients, they're more likely to stick with you when you make mistakes... And you *will* make mistakes. It's just a part of running a business.

So, be intentional to build those relationships, and be sincere. Clients can tell when you're building a relationship for your own benefit. That cannot be the primary reason.

**In a client business, you must care.** Your client's problems are your problems. So, rejoice when they succeed, and get angry when they are angry. Cry when they cry. Believe in them when no one else will. Work for them as hard as they work for themselves.

## STEP 4: BUILD A REFERRAL SYSTEM

When you focus on client relationships, a **natural** result will be that they will tell their friends (who are often other ideal clients for you) about your business. Because they are going to tell friends anyway, be sure to build a referral system that actively asks your clients for referrals.

We all know that a client-based business will inherently have churn. This simply means that people who were once clients will leave your service-based business for a particular reason or no reason at all. A referral system allows you to plan for churn, while also providing you with a steady stream of qualified leads.

### Here are some ways you can build a referral system:

- Make it clear from the beginning of the client relationship that you are a referral-based business
- Make sure to express appreciation for (and to!) the person who referred the potential client to you
- Give the potential client a bonus or incentive for joining through a referral
- After a successful outcome, ask your client to refer people whom they think would also benefit from your services

A request for a referral is not a burden to your clients when you ask well. It's allowing them to be the hero of their friend's story by providing that friend a much-needed solution. So don't be afraid of this step.

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## STEP 5: BUILD A BETTER TEAM

For your business to reach its full potential, you must always be building a better team. You need reliable experts who can communicate clearly with you and/or with your clients.

### Here are 3 quick pieces of advice for building a better team:

#### 1. Leave no stone unturned.

I've found great team members online, through traditional recruiters, and through friends. You have to look for people anywhere people are looking for work. Get creative with this step.

#### 2. Don't settle for non-experts.

Get team members who know what they're doing and who can train others to do the same. Don't settle for non-experts. Remember, it's your company, so you can be creative in how folks are paid (equity, profit participation, retainer, etc.). Don't be afraid to get creative if it means securing an expert.

#### 3. Don't be afraid to negotiate.

Even when you're ready to hire someone, don't be afraid to negotiate. The future of your business depends on your ability to not only create new business, but also to manage costs. Keep an eye on both facets when you're hiring.

## Moving from Operator to Owner

By January of 2018, I had created a sustainable business, but I knew I wasn't firing on all cylinders yet. I could tell something was missing. I started remembering stories (or reading them in the news) of founders being pushed out of the leadership of their companies, and they made me think:

### What if / am the reason the company isn't reaching its full potential?

If I had a board of directors, would they fire me? When I started to ask myself these questions, I quickly began to recognize four tell-tale signs that made me realize it was time to move from operator to owner.

**So, if you see these things hindering your business, it might be time to fire yourself.**

## Four Tell-Tale Signs It's Time to Step Back

### #1 YOU'RE THE BOTTLENECK

This is a difficult sign to see, or at least to admit. You love your business. You built your business, and you want to make sure everything goes off without a hitch...especially regarding the relationship with your clients or customers. And yet, your customers are getting frustrated because they're feeling neglected.

Their emails and calls go unanswered for days. The fulfillment of orders is slower than they are used to. And, heaven forbid, things start to fall through the cracks. Deadlines are missed. Fees are incurred.

If you're like me, you tried to hide this step by hiring help. You may have started with an executive assistant. Then, you found experts who could handle specific tasks, but ultimately, you were still the final say-so...And you were holding things up.

### Here are four clear signs you're the bottleneck:

1. Your response to internal communications is 24 hours behind
2. You missed multiple internal deadlines on an important project
3. Your first words to clients or customers is, "Sorry for the delay..."
4. You missed an external deadline

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18 months ago, I thought this might be a problem. 12 months ago, I was sure. Bottlenecking can happen for a variety of reasons, but for me, the reason was because of the next tell-tale sign...

## #2 YOU CAN'T DO THE WORK

I started my business because there was a huge demand for the service I wanted to offer. So I built the team, and then I realized that, because I was too busy to do the work, I had built a business for someone else!

It was a business I was passionate about. It was a business that allowed me to fulfill my life's purpose — helping others reach their full potential, but it was a business that required specialized labor. Labor that I could learn, but that I wasn't trained in. Sound scary? It was!

You may find yourself in a similar situation. You saw a need for an app or SaaS company that didn't exist, but you're not a developer or designer.

You built the team, but you can't identify the problems or oversee the work. This is an issue! But maybe it's not that explicit. Maybe instead, you built something you were versed in, but to grow it, you need to take on more complex scenarios you're not comfortable running point on.

You may also just be overwhelmed by the volume, so much so that you've been paralyzed in implementing solutions or processes.

All of these are tell-tale signs.

### Here are two clear signs you can't do the work:

1. You don't know the answer to a team members' question and/or don't have the team resources that would know the answer
2. Your spend on team is 10x more than your profit margin + your salary (This might be ok in some instances of scale, but for a start-up with revenues below \$1M, it's an issue.)

## #3 YOUR BUSINESS IS GROWING IN SPITE OF YOU

I was fighting to keep my business and my client work above water. And no matter what I did, clients still referred business to me. I had to put a cap on the growth of the business. So, I turned off the faucet of referrals and said, "No more!"

That's obviously not ideal.

You want your business to grow. Maybe you're not looking for the unicorn growth of Amazon or Netflix, but you also know that a stagnant business dies.

Here's what I recognized: By bringing on a president (someone to take my job), I could double the capacity of the company. My business wasn't reaching its full potential, because I was holding onto it as *my* business. It was growing despite my best efforts to hold it back.

Which leads me to my final point:

## #4 YOUR BUSINESS CAN NO LONGER FULFILL ITS PURPOSE WITH YOU IN CHARGE

This was the hardest part for me. When I did an honest survey of where my business was and where it could go, I saw that, with me in charge, the business would never fulfill its purpose.

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How could I live with being responsible for the failure? Understanding that you will have to let your business go eventually is part of your growth as an entrepreneur.

But just because you let one business go doesn't mean that you are done. Think of all the amazing things serial entrepreneurs have done after their first act.

Don't be afraid to pursue different manifestations of your passion and let your business thrive without you. It's not an easy step to take, but sometimes, it's the only step to make sure your business reaches the heights it's capable of reaching.

## What are your next steps?

Well, I could write another thousand words on that topic, but I'll keep it at this: **Generally, to move forward, you need to identify some potential folks who would be outstanding at running your business.**

### My criteria was based on the following:

- Best fit for current clients
- Competency
- Best fit for current team
- Ability for business to reach its potential with him/her in charge

Then, we started negotiating to see what it will take to hire them on. Some might require an equity stake. Others may want you to stick around as founder and cheerleader. Find a deal and person with whom you are comfortable, and don't be afraid to bring on an expert in hiring/brokering these types of deals.



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