

EMERGENCY PLANNING  
— FOR THE —  
SOLO  
ENTREPRENEUR

A minimalist desk setup is shown against a plain, light-colored wall. On the left, a silver adjustable desk lamp is positioned over a small, colorful mesh pen holder. In the center, a black folding chair is tucked under a white desk. On the right side of the desk, a silver laptop is open. The desk has a simple, modern design with dark green or black legs.

BACK UP YOUR BUSINESS—  
BEFORE DISASTER STRIKES

KATHRYN HACK

# Emergency Planning for the Solo Entrepreneur



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*Back Up Your Business—Before  
Disaster Strikes*

KATHRYN HACK



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Santa Barbara, California • Denver, Colorado

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*The world's greatest lie is that at a certain point in our lives, we lose control of what's happening to us, and our lives become controlled by fate.*

—Paulo Coelho, *The Alchemist*



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# Preface

The journey is the reward.

—*Chinese proverb*

I decided to be a solo entrepreneur in 1999, when it became clear to me that the corporate world of which I'd been a part for nearly two decades was not going to support my long-term goals. Mergers and acquisitions, company downsizing, and two recessions were finally *enough*. It was time to make a change and take control of my future. I think this is how a baby bird must feel when jumping out of its nest for the first time—scared, exhilarated, and certain it was the right move. Every solopreneur will remember that moment.

I examined my resources and decided to use my experience in sales for a large printing firm to start my own business as an independent print broker. I did not want employees, and preferred to keep it simple—but coming from a corporate environment I understood the value of teamwork. I solved this by enlisting reliable outside suppliers: printers, freight forwarder, accountant, financial experts, and an advisory board—people who had deep experience in business and could help guide me on my path. I worked hard and developed a successful, though rather complex, small business. I understood the basics, had a fair level of experience, and was slowly gaining momentum.

I was set for the future—or so I thought.

A key question when starting a business is: *What do people need?* That may provide a motivating purpose, but it can also shift the burden of need away from the business owner to the clients they serve. This creates a conundrum.

*Who is going to take care of the solo entrepreneur?* Only when I came face to face with a sudden health crisis did I get the message. There was a missing link, something I'd never considered or incorporated into my business strategy: I didn't have a backup plan in case anything happened to *me*—leaving my business to survive on its own.

I had a new mission. I would dedicate myself to building an emergency backup plan in the event this ever happened again—because the next time could be disastrous. But first I needed a vision of what it would look like, a roadmap to follow. I was not lacking in my intention. I was 100 percent committed—a driving force that would move my vision forward and take me where I needed to go. Without commitment, there is only some vague hope, but no real plan. It's vitally important to be fully invested, and to keep at it, one step at a time.

For the next two years I delved into all the issues I could imagine, talked with other solopreneurs, and learned how much I didn't know. A plan developed that would allow my business to function, even if I wasn't there. It became my roadmap to safety.

Now I'm anxious to share what I've learned, so other solo entrepreneurs and business owners will have new tools—ones they may not have recognized as critical, or even thought were needed. It will take a shift in consciousness for some, because in this super-hyped, warp-speed environment we seem to have lost our practicality, and possibly our senses. We need to step back, reunite with reality, and take control—for in case you didn't know, the cavalry isn't coming. No one's going to save you when the unthinkable hits you broadside—but having a backup plan will.

# Acknowledgments

**N**ever in my wildest dreams did I imagine writing this book. But never in my wildest dreams did I think I would get sick and come within a hair's breadth of losing my business. How quickly life can change, and we're never really prepared for that reality. It's like a distant dream—until it happens. That I survived along with my business was a gift, and a stunning wake-up call that my little empire was extremely fragile. I hadn't taken care of it, as it had taken care of me.

Many people have contributed to the research and writing of this book. I'm indebted to the countless organizations, government agencies, and companies that share information through their blogs, Web sites, and small-business seminars. I'm thankful for my community library and for the Internet as a virtual library, for the public news media, and for the solopreneurs who shared their stories with me. And finally, I'm grateful to my editor, Hilary Claggett, for her constant support, and to the publisher, ABC-CLIO, for presenting this important subject.



# Introduction

**H**ow many times have you heard someone say, “Don’t worry, nothing is going to happen to me.”

Really? Where is it written that we are exempt from the vicissitudes of life, and able to predict the future? That kind of assumption is like playing Russian roulette, when it comes to protecting your most important asset aside from your health—your business. Without *you* at the helm, the one person who manages and controls all that happens on a daily basis, financial disaster is a certainty—unless you’ve done everything possible to prevent it. Have *you* done everything possible?

“If something happens to you, what happens to your business?” is the only question you need to answer right now. But before we launch into our discussion about planning for an emergency when the emergency is *YOU*, let’s first define those to whom this book is dedicated:

An **entrepreneur** is “a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk” (*Dictionary.com*).

A **solopreneur** “is an entrepreneur who works alone, ‘solo,’ running their business single-handedly. They might have contractors for hire, yet have full responsibility for the running of their business” (*The Urban Dictionary*).

## PREVENTING DISASTER—WHEN THE EMERGENCY IS YOU

- According to the U.S. Census Bureau, entrepreneurs comprise 90 percent of new business in this country, and 73.2 percent of small businesses are sole proprietors.
- According to the Small Business Association (SBA), 58 percent of small businesses fail after a disaster, and in two years it jumps to 90 percent.
- The *Urban Dictionary* defines a solopreneur as “an entrepreneur who works alone, running the business single-handedly.” And the solopreneurs we are talking about *are* their own business.

Disasters are sudden, calamitous events that can bring about great loss, destruction, and failure to a business. Some disasters can be prevented, through good judgment and careful planning; while others such as fire, flood, earthquake, economic downturns, even war cannot.

It is remarkable that among the multitude of articles, books, and programs teaching preparedness for *natural* disasters, nothing appears until now on how to prepare your business if the disaster is *YOU* and you *ARE* the business. If you, the one person responsible for day-to-day operations, are suddenly incapacitated and unable to manage the business, will it continue to function or fall into chaos and end up a statistic?

*Emergency Planning for the Solo Entrepreneur: Back Up Your Business—Before Disaster Strikes* is both a wake-up call and an action plan. It will help you to build a backup system that will keep your business functioning without you—for a week, a month, or even longer. The information may not be perfect or enough, but it’s a place to start—and that may be all that’s required.

## HOW PREPARED AM I TO WITHSTAND A CRISIS?

Deepak Chopra has spent over three decades in health care, both as a physician and author of countless books on the subject. In a May 2014 LinkedIn blog post entitled, “State of Health; Prevention Is What Matters,” he states that nearly 90 percent of all illnesses can be avoided through the choices we make. *I repeat, 90 percent.* I believe this can be compared to the health and welfare of your business. It’s all about preventing bad things from happening through the choices you make—and having an emergency plan is the *one choice* that can actually prevent disaster.

Where did we get the idea that life is certain, and future events are within our ability to predict or control? Just get sick, and you’ll come face-to-face with the

reality that (a) nothing, including our health, is predictable and (b) if we don't prepare for the worst thing that can happen, we'll be left to deal with it.

Natural disasters, such as hurricanes and earthquakes, can be devastating when they occur. A serious personal crisis, on the other hand, is *much more likely*—because human beings are constantly exposed to the everyday hazards of normal life. Because of their sheer enormity, natural disasters are given the media attention, while a single disaster that brings a small business down is virtually unheard of—except as a statistic.

*When something happens to the business owner, what happens to the business?* is a question that has enormous implications for the economy at large, and needs to be taken seriously. If up to 90 percent of businesses do not reopen following a disaster, this county could stand to lose a significant source of tax revenue, while the number of unemployed people would rise to staggering levels. We cannot continue to neglect emergency planning as vital to every business. Ask yourself these questions:

1. How prepared *am* I to withstand a sudden crisis? Do I have an emergency plan that covers all possible risks?
2. Have I made a list of everyone who needs to be informed immediately, should a crisis occur?
3. Have I chosen the individuals who will step in and manage my business during an emergency?
4. Is my office space organized, so that someone could find the things they need quickly and easily?
5. Do I have a communication plan to keep people informed on a daily basis?
6. Are my computers and all other vital equipment in good working order?
7. Is my information protected with good antivirus software?

These questions and others will be addressed in the forthcoming material, but for now take one minute for each question. Thoroughly consider the issue without being defensive. If you answered *no* to any, it could mean you're ill-prepared to handle an emergency. Don't panic. There's time to change, and change you must. The alternative is watching helplessly as a single crisis spirals out of control and takes your business down.

You might say, "I have an emergency plan. I back up my files every week, so I'm way ahead of the game. Nothing bad has happened so far, and besides, we don't get earthquakes or hurricanes here, either."

It's important to make a distinction between planning for a widespread, natural disaster and one in which the disaster is *you*. There are similarities, but also some real differences, which will help define what actions you need

to take. The most obvious similarity is that either kind could put you out of business very quickly, if you're not prepared. The obvious difference is the extent to which you'll get help from the outside world at a very critical time.

During a catastrophic natural disaster, many businesses within a certain geographic area will be gravely affected. Although it may seem callous to make this comparison, during a widespread natural disaster you can at least expect support from other businesses going through the same experience. There will be assistance from various local and government agencies for those affected; and if the result is massive devastation, global aid networks stand ready to assist populations and businesses alike.

A solopreneur, on the other hand, stands alone when a catastrophic personal crisis hits like an avalanche of grief. Along with everything else in the life of a small-business owner, help is your best-laid plan—and it places the burden of survival firmly on your shoulders.

## HAVE A PLAN

The Disaster Management Act of 2005 defines *disaster* as a “catastrophic occurrence in any area arising from natural or man-made causes which result in substantial loss of life or human suffering or damage to, and destruction of property, or degradation of environment, and is of such magnitude as to be beyond the coping capacity of the community of the affected area.”

Note the words “natural *or* man-made” in defining a disaster. Either way, disaster is disaster, whether far-reaching or within the lonely confines of one person's trauma—if it causes human suffering. Experts say the number-one key to survival for any emergency is *having a plan*. The content and organization of that plan should be geared to those most affected by it, and cover what needs to be done during all three stages of activity: planning, execution, and recovery.

Having an emergency plan is central to saving lives, property, and livelihoods in the event of a natural disaster. By the same token, any attack to the well-being of the business owner that takes the business down is also a *disaster of great consequence*. Although this may appear to be on a much smaller scale from a global perspective, it is nonetheless catastrophic.

Every time a business fails, even a small operation like a hotdog stand, it has a ripple effect on the community as a whole. When you think about the shortfall of tax revenue, the loss of income to vendors and suppliers, loss of property or termination of rent or mortgage payments, plus the degradation of family life, it becomes clear just how devastating every lost business is to the welfare of many people.

If you count the number of people who would be affected if your business failed, you will see this very clearly.

An unexpected crisis can quickly change everything within your intimate circle; things you and others have come to depend on for survival. Without you at the helm, the one person who controls what happens on a daily basis, financial disaster is a certainty—unless you have a system that will run the business for you. If the crisis is dire and irreversible, the system will include arrangements to enter an exit phase—one that you’ve designed ahead of time so the future isn’t left to outsiders or, worse yet, to chance.

Solopreneurs can be poor at planning for uncertain events, because it’s our nature to think we’re invincible. It’s both the blessing that drives us and the curse that can stop us dead in our tracks. Saying “I’m just too busy to add one more thing to my plate” or “that will never happen to me” ignores the very real possibility that life can go sideways at any moment. This book is all about creating a new kind of business practice based on a broader vision. It includes thinking beyond the “all is well” false optimism to a more realistic “what might go wrong?” way of thinking. As you increase your territory it becomes essential to enlarge your vision. You might say, “I want to go global,” but with that come broader concerns about security—especially in today’s environment.

Disaster recovery has evolved into a multibillion-dollar industry that was, until fairly recently focused on large corporations. General Electric (GE) is one of the largest companies in the world. Their products and services range from aircraft engines, power generation, water processing, and household appliances to medical imaging and industrial products.

GE saw a need for its customers to recover from a disaster, namely the loss of electrical power. Since it was a major supplier for power generation, what would happen to other businesses if GE could not supply the power necessary to keep the doors open?

GE recognized that all businesses including its own need to maintain continuity during a crisis; and this should be built into the company’s business planning. GE put its own program in place, before offering it to customers. This was more than a plan; it was a complete shift in consciousness—from self-supporting to supporting the community at large. Being “big” does not mean a company is immune from crisis, and GE recognized a need and acted upon it.

This plan served as a model for early disaster preparedness, yet it was still focused on companies of considerable size. A business continuity industry evolved, one that offered megacompanies recovery training on a grand scale. The needs of small business were not really addressed until 1989 when Agility

Recovery was founded under the GE umbrella. Agility recognized that small to mid-sized businesses need a “basic” emergency plan without so many layers; and singled out four key elements that must be addressed first. They are printed in bold letters on the first page of Agility Recovery’s Web site ([www.agilityrecovery.com](http://www.agilityrecovery.com)):

1. “OFFICE SPACE
2. POWER
3. COMMUNICATION
4. COMPUTER SYSTEMS”

If your office space is in chaos, no one can find what they need to keep the business running. If the power is turned off because you’re not there to pay the bill, you can’t keep things running. If communication isn’t connected to the outside world, you’re suddenly isolated. If your computers aren’t properly monitored, sensitive information could be lost or stolen. Simply put, these four elements are the building blocks for any emergency backup plan, regardless of a company’s size or structure.

The time for action is now, while time is on your side. We can’t always prevent bad things from happening, but we can take preventative measures to keep them from ruining us.

## **HOW A SUDDEN HEALTH CRISIS SAVED MY BUSINESS**

We’ve all experienced a flash of insight at one time or other, commonly known as an *Aha Moment*. My own flash of insight followed the worst headache of my life. For an entire week I couldn’t work or sleep—the pain was so excruciating. I literally stumbled through the days. Why didn’t I go to a doctor? Let’s say an irrational fear of something being terribly wrong motivated me to wait it out; though I decided if my condition didn’t improve in a certain period of time I would seek medical help. I would not advise anyone to do as I did, because the final outcome could have been drastically different than it was.

Without apparent reason, my pain subsided and I was able to start functioning again. Then something happened that was just as startling. I was walking from my office and a thought struck me like bolt of lightning! What would happen if I’d had a stroke? What if I suddenly lost the ability to function? What would happen to my business?

Talk about an eye opener.

Like many solopreneurs, my business existed mostly in my head, buried under stacks of unidentifiable papers and hidden away in computers, desk

drawers, and file cabinets. I alone held the keys to the office, along with the inner workings of my business. As an importer of commercial printing, my clients were scattered across the country and my suppliers in various parts of the world. I had business coming and going from all directions. What would happen to my business—if I was suddenly *not there*?

A sudden crisis left me unable to perform, but I was lucky—I got well before my business collapsed. The next time could be disastrous.

All authors should write the book they need to read. I wrote this book because I needed to write it for myself, but in the process I realized it is not just about me or my own story. It's about all the solopreneurs who live their stories every day, as the world morphs and changes around them. The idea of building an emergency plan seems so basic; yet it's often neglected in the process of acting out our dreams and ambitions. An unseen crisis may seem remote, or too unthinkable to think about. This failure to plan is at the heart of many business failures that should never happen. There is a way to make sure your dreams for the future materialize, and that means building an emergency plan for your business.

Other questions will surface as you delve into your current method of doing things, such as: do my business practices support the purpose and goals I had at the beginning? When was the last time I had a heart-to-heart talk with my inner entrepreneur? Am I on track, or have I strayed from my vision? If I've strayed, in what direction am I headed, and where do I need to go from here? This is a great exercise, because in the process of thinking about your business, you may even re-imagine it.

For me, taking stock helped me define, and then describe, the business—not just for myself, but for others who might be called upon to take the reins during a crisis. Getting organized and clearing out the clutter also cleared space for fresh ideas to enter. Setting goals helped me develop a realistic mind-set that measured outcomes instead of opinions. Building a network reminded me that I don't live in a vacuum, and need people when things are going well, and even more when they're not. Making it official for others to act reminded me there were legal steps I needed to take.

In fact, every step was a wake-up call, an opportunity to search for hidden dangers and buried treasures, too. It is my hope that examining your business, with all of its strengths and vulnerabilities will push down walls that close you in and open doors to a new freedom, as it did for me. The cost involves nothing but your time, and the rewards are priceless. What do you have to lose? Don't wait for a crisis to happen, because it will be much too late by then.



PART ONE

# THE PLAN



## CHAPTER 1

# Taking Stock

## Exploring the Broader Issues of Survival

Nothing is particularly hard if you divide it into small jobs.

—Henry Ford

**H**ave you ever taken inventory? I remember as a child accompanying my father to count the inventory in his shoe store. I would sit at his big wooden desk, legs dangling, checking off the numbers as he called out every pair of shoes, boots, socks, and shoelaces. It was a painstaking process, but without taking stock my father would not have known what he owned, and subsequently what he needed for his business to keep going. This had everything to do with our survival as a family, and it was an important lesson for me—although at the time I was thinking more about the few dollars I'd receive in wages.

We all know it's essential to take stock when it comes to our business, whether it's shoes or information. Taking stock is a process by which we come to understand our business in a way that is so comprehensive and clear to ourselves that it becomes an open book.

Could you describe your business in a way that someone hearing for the first time would fully comprehend? Just because you founded a remarkable enterprise, unique in its depth and creative attributes, does not mean it will make sense to another person.

Taking stock means you must understand the details of your business so well they're ingrained in your psyche. Your business becomes a living,

breathing thing through the exercise of writing it into the light. This will be an essential guide to others, who will execute your wishes without your immediate guidance. Every business should have, at the very least, a written mission statement and a vision statement.

Your **Mission Statement** is based on the present time, and states why your company exists. It can be very short, just a sentence or two; or it can go on to include what your business looks and feels like—and anything else that matters to you. It's important to articulate this so others can carry on your mission as you would have it, during a crisis.

Your **Vision Statement** looks to the future. It includes your company's goals and objectives, which can change over time. It can be one or two sentences that describe where you see the company going. It is your vision for the business based on what you know now.

Both statements are living documents, and need to be reviewed annually.

Businesses large and small present their vision and mission statements on company Web sites, in their marketing literature, letterheads, business cards, and virtually everywhere people will see them. Doing this identifies your business, and lets everyone know what you're about.

Your business isn't simply brick and mortar; it is the entrepreneurial baby you birthed and nurtured into a successful enterprise. Behind every storefront lie all the working parts that are pure maintenance and support. These details are critical to the day-to-day functioning of your business, and must be attended to for the business to survive. Daily maintenance will keep the business strong enough to withstand a sudden crisis, whether minor or severe, short or long-lasting.

Taking stock means examining every aspect of the business; from defining your vision to the nitty-gritty, everyday tasks that keep the doors open and the lights on. It is evaluating the banks you use, and how you store information, use media, or communicate with your clients and suppliers. It is the way in which you allocate your resources so there's enough profit to continue for the next month, or the next year.

Taking stock means determining if you can continue carrying the ball alone or if it is the right time to bring someone on. It means knowing what your business is worth if you were to sell it when the timing is good—or were forced to sell under pressure.

Taking stock is looking at every facet of life that contributes to your success—and don't forget balance. If the business is all about profits at the expense of your family, personal health, spirituality, even fun, your assets could be so lopsided that they tip over at the least hint of trouble. Without time to recharge your batteries, you'll lose the spark that ignites creativity

and imagination. Include balance, because it will enhance the joy in your life, reduce stress, and help to prevent an unwanted health crisis.

A building needs a sound infrastructure to withstand hurricane-force winds, and your business is no different. This means focusing on all its essential elements with a critical eye, and deciding which ones will add strength, are potentially harmful, or need more attention. In the event of a sudden crisis, it will mean everything to have your business anchored to a firm foundation.

## TAKE STOCK OF TIME

Time is your most valuable resource, to be managed wisely. Being a solo-preneur is a demanding job. It's easy to get so absorbed in *being* the business that you neglect the engine that runs it, which is **You + Time**. Spending time has a double meaning, if you look at it closely. When you spend money, for example, it's gone. Granted, something is there to replace the money but the money itself has been used up.

*Using* time is another way of looking at things. When we use time doing something we enjoy or think is important, time seems to multiply itself and expand, rather than simply getting used up.

You've been through the time management programs designed to help you use time more efficiently. But often these programs ignore a critical human factor, which is a tendency to become distracted. There are so many *interesting* matters to steal your attention; but the less interesting ones are often of far greater importance. Set a dollar value on your time. Time management takes on a new reality if you know what an hour of your time is worth. That hour on Facebook? At the going rate, how much did you spend? Keep a log, so you know how where your time is going, and what it's costing you in dollars and cents.

Examining your daily to-do list in detail will likely reveal some things that don't absolutely need to happen, and are merely distractions keeping you from the important business of running the business. Synonyms for distraction are: interruption, disruption, diversion, entertainment, and confusion. Look at distractions as busyness, not business. If you spend time with distractions without any tangible rewards, an opportunity is gone forever. Ask yourself: "What things deserve my attention and what are the distractions that rob me of time?" Jot them down.

Consider distractions your enemy, and get rid of them. Take a scalpel to the to-do list and begin cutting—it will make a big difference at the end of the day. Think of the time you just rescued as an investment toward building your emergency plan.

Four key elements will guide your course of action:

1. Education
2. Belief
3. Enthusiasm
4. Determination

First you need to *educate* yourself about a particular item that appears among the many on your list. If, upon learning more about it, you decide that it's important, you will form a positive *belief*. This belief is based upon sound reasoning, which is irrefutable when challenged. A belief needs to happen at a level of deep awareness, so you can say without question: doing this is important and somehow I will make time for it.

Now that you've come to believe this choice is important, you should feel a sense of *enthusiasm* to set things in motion, and make it happen. To support your efforts, you might re-examine all items on the to-do list and conclude there are some that need to go, leaving you more time for those that are of much greater value to your business.

Now you are left with *determination* to accomplish this thing. When you're determined, obstacles vanish and your goal appears 100 percent achievable. Your focus is on this thing; you break it into reasonable parts so you don't become overwhelmed, and you keep going until it is done.

Here's a tip I learned from a time-management expert. Assign a certain amount of time you think it will take to accomplish each job, and then add 30 percent. This way you'll have a much more realistic idea about how much time you'll really need. If you try to pack too much into a day, and wind up leaving several things untouched, it can be demoralizing. Be realistic in your projections, and you'll have a greater feeling of accomplishment and, ultimately, a more successful outcome.

If you approach every item on your list using this process, it will transform your ability to accomplish what really matters. If you believe something is important, like having an emergency plan, your determination will take you there.

Making a steady effort toward any goal builds positive change, but it doesn't happen overnight. The emphasis is on "steady," but you must take that first step. We get locked into thinking if there's no crisis, there's no urgency. Wrong thinking. It's true that a tree with strong roots can withstand any storm, but the time to plant a tree is not while a storm is gathering.

*Marvin spent 24 years in a lucrative corporate career before taking the plunge as a solo entrepreneur. Educated and trained as an engineer, he'd gravitated to large-scale construction projects and gained an expertise in building inspection*

*protocol. His knowledge of government regulations and insurance practices led him to start a consulting business training commercial and residential building inspectors.*

*He was happily married to a partner who handled the details of business, allowing Marvin to do the things he enjoyed—conducting seminars and traveling around the country on assignment.*

*One day everything changed. During a routine medical exam, his wife learned she had a very aggressive cancer. This meant all of their time and energy would be devoted to her illness. Marvin scaled down his business to become the helpmate his wife needed. Sadly, she passed away in just a few months, and Marvin was left with limited understanding of the “back of the house” fundamentals of his business. It was a grim situation, and one that Marvin would never have imagined.*

*Grief is an overwhelming emotion, and Marvin’s energy was completely drained. He became forgetful and sometimes confused. Business colleagues who lacked compassion for his situation drew away, leaving him even more isolated. He started to lose clients. To keep his sanity, he buried himself in the one thing that held meaning for him: building the home he and his wife had always wanted. Because he had no real handle on the finances, he poured money into the house that should have been spent reviving the business.*

*Fortunately the story has a positive ending. Marvin came to terms with his grief and got a grip on the business before it crashed completely—though things had changed over time. Competition was fierce and many of his clients were gun-shy to hire him back, because he’d “not been the same” during his time of mourning. The business survived, but it did not thrive as before.*

If Marvin had taken the time to build a backup plan, and a network of people to help him through a crisis, he’d be in a much better position today. But like so many solopreneurs during good times, he didn’t allow for the unexpected.

## RESIST RESISTANCE

The human tendency to avoid change is called resistance. Change is one of the few things we can bank on, but our Western philosophy leans toward denial as, “That kind of thing will probably never happen to me.” Eastern traditions hold a more realistic expectation that disruption and even suffering are a natural part of life’s journey. This implies being open to the possibility that we’re not a cut above the rest of humanity.

As a kind of comic relief when things go sideways, we Westerners might say Murphy’s Law is at work, namely: anything that can possibly go wrong usually does . . . and given a choice it is often the worst possible thing that could happen. In reality, this is no joke.

More than a half-century has passed since we first heard of Murphy's Law, yet the debate goes on. Is the world entirely fatalistic, or do we have some control? An awareness of Murphy's Law has caused engineers to install safety measures. There are examples of "fail-safes" all around us. They range from simple to elaborate systems designed to limit choices and reduce errors. Others are mechanisms that prevent matters from going from bad to worse.

Having an emergency plan is your fail-safe, because it will (a) prevent matters from going from bad to worse, (b) limit outside forces from taking control, and (c) reduce errors. The successful solopreneur tries to cover all the bases, realizing that anything can happen—and often at the worst possible time. If something should go seriously wrong right now, what are the short- and long-term effects to your business? This is the only question you should be asking yourself right now: *Where is my business the most vulnerable, if suddenly I'm not around to manage its affairs?*

A chain is only as strong as its weakest link, and you need to know what that is. If you don't know your weaknesses, they will take you by surprise when it is too late for anything but damage control. Focus on one important task that will address this vulnerable spot, and state your intention to act on it today. Taking positive action for this *one thing* will spur you on to taking the next step, and the next.

Breaking through the bonds of denial (emergencies only happen to *other* people) will empower you to take control of your business before a crisis takes control of *you*. Keep your priorities in mind, but be prepared for new information as you proceed through these exercises. Your primary objective now is to examine your ability to survive a sudden crisis.

Busy solopreneurs often choose shortcuts or shuffle things around in the race to get everything done. What will happen, if you don't take stock routinely, is certain procedures can become so neglected or compromised it will entail a complete overhaul to get them right again. What a waste of precious time and resources. Isn't it better to schedule routine maintenance at periodic intervals?

If you own a shop or manufacturing business, you know that it's critical to keep your equipment in good repair. If you sell products, you know that if your warehouse is not inspected routinely, items can become outdated or ruined. The same holds true when business practices are not inspected routinely. The task may seem daunting, but if you don't take inventory, you'll probably go broke.

## **DO NOT ASSUME**

Never assume anything, especially when it concerns the future. For example, do not assume that a potentially disastrous event is outside the realm of

possibility. Do not assume that if you're suddenly out of commission, some mythic figure will magically step in and take the reins until the crisis is over—having a complete understanding of your business and all that needs to be done. Seriously, how many people will actually think that way? Unfortunately, the assumption is nearly universal.

Talking with other solopreneurs who have a spouse or partner, I hear a common story: Their significant other has no idea where to find vital information during a crisis. Furthermore, they haven't had a conversation about what the other owns, or owes, and are clueless about what to do if something unthinkable were to happen. Others tell me they have not discussed business or financial matters with their adult children, and have a mounting fear about how things would play out if they were incapacitated. This needs to change.

Have you spent adequate time allocating your assets and liabilities? Remember, all the assets you've accumulated, including your business, may be an essential part of someone else's future. If you do not have your financial house in order and have not taken positive steps to protect your assets, everything you've worked so hard to build could become a liability—not only to you, but also to those who depend on you.

*Jill worked her way up the ladder within a large city newspaper. She started out delivering papers, while her work ethic led to a promotion as a supervisor—although she continued to deliver papers because the “manual labor” aspect of her job kept her fit. When the newspaper job finally ended (as jobs often do), someone suggested she clean houses for a living. It was something she could do quickly, and there was a growing need for those services.*

*As before, she started out doing the manual labor and her good work resulted in many referrals. In time the demands were such that she hired a few employees, and the business grew. After five years, Jill was physically worn out so she took on the role of manager, scheduler, and supervisor—along with all sales and marketing. Her dedication had resulted in a reputable business for herself. Now she could begin to enjoy the fruits of her labors. But for how long?*

*Jill had a history of health issues, some resulting from a serious car accident where she broke her back and another from a fall when she badly crushed her foot and broke her ankle. According to Jill, she wasn't getting any younger—and her teenage daughters could benefit from a legacy, if she started now to position the business for a buyout.*

*In conversation one day, I asked Jill if she had someone who could manage the business if she became incapacitated again. “Oh, yes!” she said. “I have a right-hand gal I can depend on for that.” When I asked if she'd set up a power of attorney so her right-hand gal could write checks and pay her other employees, I got a blank look. “Why, no,” she said. “I never thought of that.”*

I'm sure Jill hasn't thought about other things, too, and that's why she needs to do some re-thinking. She has a successful business, but there are already warning signs that another accident could have serious consequences. Like many solopreneurs, Jill's management style is top-heavy. She's so busy managing the business on a daily basis, she hasn't thought about what could happen if *something happened to her*.

## YOU'RE NOT SELF-EMPLOYED

Granted, it's a great day when you trade your corporate ID to become a solopreneur. There's a big difference, however, between being self-employed and owning a business; and that very distinction promotes a certain mind-set. Self-employed people tend to think day by day and week by week. Successful business owners think more about planning for the long-term. Self-employed people, like their employee counterparts, are vulnerable to the influences of a volatile economy. Successful business owners have planned for the downturns through a system of checks and balances.

Talking with other solopreneurs, I often hear, "I'm self-employed," when they are in fact small-business owners. You can launch a more affirmative approach by saying, "I own a small business," instead of, "I'm self-employed." A shift in mind-set can establish a new way of looking at what you already have.

Setting goals for the future now connects you to something that will grow in proportion to your commitment. When you respect your business and all that it provides, start showing your respect by taking better care of it—which includes having an emergency backup plan.

The most important thing you can do right now is to collect your most important documents and put them in one place. Let a trusted person know where they are. These documents will be essential to the people charged with making important decisions for you, if and when you can't act for yourself. Do this one thing, and let it be a starting point. These people are your lifeline to safety. They are everything now.

## TAKING STOCK OF YOUR SELF

How are you, really? Central to preparing for an emergency is a general assessment of your mental and physical well-being. Keeping physically and mentally fit is essential for making good decisions. Holistic is an approach used in designing a whole-life system that will help keep your faculties sharp. The term "holism" is derived from the ancient Greek meaning "all, whole, entire, total."

Holism is the idea that natural systems (physical, mental, biological, chemical, social, and economic) should be viewed as wholes, not as collections of parts. To be successful, human beings need to consider ourselves as an integrated system; and by ignoring one or more parts, this system will break down over time. Remember, if *you* break down, you could take your business with you.

Preventative action against breakdowns includes routine medical and dental checkups, eating healthy, getting enough exercise, quitting smoking, and other positive actions; but it also involves developing a *positive outlook*. I use the word “develop” because it takes a continuous effort to stay positive, especially when times are challenging.

In her groundbreaking book, *Up: How Positive Outlook Can Transform Our Health and Aging*, Dr. Hilary Tindle makes a direct connection between optimism and health. Scientific research is uncovering some amazing things about how optimism can affect even our cells in a way that helps ward off life-threatening diseases like heart attacks and stroke.

During her many years of clinical practice with a special focus on this subject, Dr. Tindle observed how an optimistic outlook can turn people’s health around in significant ways, and even extend their lives. Her observations are supported by mounting evidence that could mark a turning point in health care.

Dr. Tindle states: “Our individualized patterns of thinking and feeling . . . both precede and predict our risk of heart attack, stroke, and cancer.”<sup>1</sup>

This has huge ramifications for solopreneurs, whose well-being is a major driver in the health and longevity of their business.

Pessimism is the tendency to anticipate only bad or undesirable outcomes. It’s a state of mind that expects that bad things are more likely to happen than good. It’s the anticipation of failure without expectation that things will be otherwise. You can see how destructive pessimism is. It stifles progress and poisons all hope for the future.

Staying optimistic that you are doing the best thing for your business will eventually bring desired results. A positive attitude will keep you motivated as you build an emergency plan, and will also keep you healthy by reducing your susceptibility to serious illnesses.

Being overly optimistic, on the other hand, is idealistic and even dangerous. To say, “I don’t need to save any money for retirement because everything will work out just fine . . . is not only irresponsible; it is more than likely a recipe for disaster.”<sup>2</sup> Taking it a step further, it’s like the person who doesn’t take care of his or her health because “everybody’s got to die sometime, so why bother?” That’s fatalism taken to the extreme, but it’s not uncommon to hear this

ultimate cop-out spoken in dead earnest. If truth is the result of our beliefs, the writing is on the wall for people who hold such negative ideas.

Dr. Tindle states—and I believe this is the heart of the matter—“In fact, in some cases, the very act of not expecting misfortune can almost guarantee it through sheer lack of preparedness. The most positive outcomes may result from scanning the horizon, anticipating possible scenarios, and formulating a plan B if things become unstable.”<sup>3</sup>

Optimism doesn’t need to be extreme or even constant, because life is a series of ups and downs. Even optimistic people suffer moments of doubt. The difference is, even if there’s a temporary loss of results, optimists believe they will eventually get there. Confidence comes from recalling past successes and building on them.

The best way to take care of your business is to take care of yourself. You are the engine that drives the business, and if you aren’t in good working order both mentally and physically, nothing else matters.

Finally, a solopreneur who has the drive, desire, and unwavering hope that the future will be good is in much better shape to handle the uncertainties that are part of daily business life. Taking stock of your outlook and checking in with your belief that the future is bright and full of promise will keep pessimism at bay—and even extend your life. If you’re prepared for whatever comes along, that peace of mind will fuel your optimism. If you have a nagging fear that you’re on a slippery slope, or you’re waiting for the other shoe to drop, it will drag you down both mentally and physically. Having an emergency backup plan for your business will help keep fear at bay, because you have a safety net—Call it Plan B.

## NOTES

1. Dr. Hilary Tindle, *Up: How Positive Outlook Can Transform Our Health and Aging* (New York: Hudson Street Press, 2013), 15.

2. Tindle, *Up*, 65.

3. Tindle, *Up*, 70.

## CHAPTER 2

# Getting Organized

## Organization, Documentation, and Communication

Unless someone like you cares a whole awful lot, nothing is going to get better. It's not.

—Dr. Seuss

**I**magine if suddenly, and without any prior instruction, you're put in charge of running another person's business. How would you describe your emotions? Terror? Confusion? Panic? That's how someone would feel if called upon to manage *your* business, without knowing where to find things, whom to call, or what needed to be done.

A crisis-management role is a huge burden to place on anyone's shoulders, yet without outside help your business would probably fail. Preparing others to act during an emergency will take thoughtful planning and communication. Their keys to success are in knowing where to find what they need, and what to do most urgently. A chaotic workplace that makes no sense to anyone will cause confusion. An organized workplace is one way to keep that from happening.

*Organize* is an action word. Its definition is *to arrange in a structured order; to systematize*. Another definition is *to make preparations for*. Consider seeing things through the eyes of others. Don't wait for an emergency to happen—ask now what people need in order to be successful. Be open in your thinking because others may require information that is entirely different from what you imagine. Ask the question: *What would you want to know,*

*given a situation in which you had to take control of my business?* Write it down, and build it into your backup plan.

Being organized, whether or not there's a crisis, offers important side benefits. Think of the time you'll save when you don't have to hunt for things. Remember, time is money. A sense of order also contributes to an overall feeling of calm and satisfaction, which promotes success. Remembering times when I tore things apart looking for a needed file brings back the stress of helpless frustration—and the last thing anyone needs during a crisis is more stress. When I resolved to organize my workspace as part of an emergency plan it altered everything, including my peace of mind.

During my initial office overhaul, I filled two recycle bins with papers I hadn't read in years—which forced me to look at each document before deciding to save it, pitch it, or act on it. Some of these documents had fallen between the cracks and required immediate attention. How had I missed that letter from the Internal Revenue Service? I missed it because it got tossed into nebulous piles of paperwork. And how had I let that insurance policy lapse, in spite of the reminders that also got mislaid? If there was too much disorder even for me to handle under normal circumstances, how would another person manage my business during an emergency?

I had work to do, so I started in. I reclaimed my workspace with a new sense of purpose. Clipboard in hand, I prowled the rooms with ruthless scrutiny. Drawers were pulled out and their contents repositioned or purged. Bookshelves were added, complete with color-coded three-ring binders arranged by subject. Quotes and projects dating back more than three years were archived. Special desk drawers were marked “personal” for things completely unrelated to the business, so they were not all mixed together as they'd been before. What a time-saver *that* was. The floor was swept clean of messy stacks of papers, and so was my desk. The list goes on, and it's a process that continues to this day.

Compare this to the helter-skelter arrangement of desk drawers, file cabinets, and storage containers crowding every room, closet, and garage many solopreneurs call the Home Office. Now, thanks to an organized workplace, rummaging through stacks of paperwork and unmarked boxes will no longer disrupt quick access to information.

I once worked for a major hotel corporation, and my boss, José, was a person who could accomplish more in a given day than anyone I've ever known. He not only managed all the catering, banquet, and convention services for a prestigious hotel (which also employed me), but he also authored a number of culinary books, and was a sought-after speaker and food celebrity. He was so good at his job that the company sent him to open its new hotels, which involved managing hundreds of staff in multiple locations.

When José left his office at the end of the day, all that remained on his desk was a telephone. Even if folders had been stacked on his desk or on the floor during business hours, they were picked up and filed neatly away—ready for the next day’s business. He knew exactly where things were, and never wasted valuable time looking for them. On the wall next to his desk was a single photograph of a Mercedes Benz—a daily reminder of a personal goal, which, as I recall, he achieved handily.

*But José was not always a celebrity.*

*He was born in Goa, India, the country’s smallest state and idyllically located on the western coast, bordered by the Arabian Sea. Goa retains its Portuguese influence and the people display an exotic mix of European and Indian. José’s mother wanted him to be a monk, and although he was schooled in Zen practices, José had conflicting ambitions. While still in his teens, he booked passage to New York City (which would have been sometime in the early 1960s), and how he survived in that frenzied place, having come from a solitary, monastic environment I will never know. He could only speak a few words of English, but he managed to get a job parking cars at a prestigious hotel.*

*José’s appearance and self-possession likely gained his acceptance. He practiced speaking with everyone he met while parking cars and later as doorman—taking every opportunity to mingle with the hotel’s affluent clients. In his free time, he collected magazine articles on proper manners and clothing. “I wanted to dress like wealthy people,” he later told me, “and to act like them.”*

José rose to management for a large corporation, but he began as a solopreneur. I will never forget lessons I learned from José—especially about being organized. This discipline became the single-most important factor in any success I would ever achieve, whether managing international conventions or starting my own small business. When did I slip and fall into believing I was immune from potentially disastrous events? Why, after so much effort to create something of my own, did I neglect to plan for a time when I might not be around to guide it? How could I let my guard down, with so much at stake?

After I recovered from my health crisis, reality struck like a bolt of lightning: I was completely unprepared for an emergency. How could anyone step in and manage my business for even a day? No one had a key to my office. No one knew the passwords to access my computer files. No one was authorized to handle money, or talk to my medical doctors because I hadn’t set that up. I had not assigned a person to notify clients and suppliers if my condition sent me rushing to the hospital. I’d left no instructions about who to call, where to find things, or what to do—nothing. My office was randomly organized and without a roadmap. *I was sitting on the edge of disaster without even knowing it.*

During an emergency, an organized workplace will enable people to find what they need to save your business from the jaws of disaster. Do everything you can now, because you'll not be there to supervise.

**Inspect first.** Examine your office with a critical eye. What are the most obvious problems? If the office is in total chaos, where is the best place to start making changes? Are papers stacked in disarray because you've not taken time to put them where they belong? Important things lurk in those papers. Read them, and then give them a proper home.

**Purge.** De-clutter, empty, shred, and get rid of everything you don't need. Look around. What haven't you used for awhile? Take one area at a time, and purge it of unwanted clutter, including knickknacks and memorabilia. Things that collect dust are unhealthy and detract from the professional atmosphere. Shabby chic is ok for the family room but not your office.

**Collect and redistribute.** Gather up every item that isn't where it belongs, and put it where it does. Then keep it that way. Think of your office as a ship, where everything has its place and that's where it stays. I lived on a boat once, and that experience taught me that if things weren't secure, they would wander. It's the same with your office; and once items start to wander, there's no stopping them.

**Establish work areas.** Decide what type of activity happens on a daily basis and designate areas for each. I frequently send samples and proofs by mail, so establishing a sample room with a table for assembling packages became an essential move. A rarely used walk-in closet worked just fine as a sample room, and a folding table that could be stored when not in use was perfect for preparing mailings.

Before, it was messy and time consuming to (a) find samples according to their categories; (b) clear my desk to sort, pack, and label for sending; (c) locate the equipment and supplies needed for the task; and (d) put my desk back in order—which was a job in itself. Now my work area was organized and separated from other workspaces.

**Organize supplies.** Put supplies in specific areas and keep them separate. Know where they are. I found it useful to keep things out of drawers because they often got lost there. I prefer bookshelves with see-through boxes.

**Have an inbox and an outbox.** This may sound like simple logic, but these were surprisingly absent in many offices. Without a system for organizing, papers can get all jumbled-together; and we all know how much time it takes to sort through stacks of documents looking for the right one. Check these boxes every morning and at the end of the day. Clear them out as soon as possible, which means acting on things and not shuffling them to the bottom of the pile for another day.

**The paperless office is a myth; accept it and move forward.** If you really have time to scan every document and file it electronically, then good for you. But most solopreneurs don't have that kind of time. Storing important paper documents where they can be found quickly is your first assignment. It doesn't matter which method you use: small file cabinets, tall file cabinets, desk drawers with hanging files, or even those sturdy cardboard boxes found in office supply stores are all good options—so long as they're organized and their location is clearly noted.

**Organize your computer files.** Now that you've organized your office space and put your paper documents where they belong, it's time to organize your computer files. In time, electronic files multiply like rabbits, so archive them routinely so they don't create more clutter, and distractions. Seeing too many electronic files can get you side-tracked when you're looking for the one you need.

"Oh," you muse, "I remember that client who ordered from me in 2010. I wonder why I haven't heard from them, and should I follow up?" If you haven't followed up by now it's time to move on to more current endeavors. Put that file in a follow-up folder if you feel compelled, or archive it. For now, stay on track.

Organizing your computer files is much the same as organizing your paper files. When electronic files have been arranged and classified, place them in a directory so your team can locate the ones they need quickly and easily. Put a copy of the directory on your desktop; it's like having an electronic roadmap for you and your team to follow.

**Your office map is worth its weight in gold.** This item is *absolutely crucial* to your team for finding the things they need. Clearly note the location of each storage container and its contents on your office map, and cross-reference by the use of a printed card taped to each drawer or file cabinet. Apply whatever system works best in your workplace, but have a system.

With a clipboard, walk around and write down everything that needs to be done and in what order. Schedule an hour each day for completing these tasks, and put it on your schedule or daily calendar. Doing this first thing in the morning, even if it means getting up an hour early can be a mind-clearing activity and a positive start to the day.

**Hint:** *Start with small, attainable tasks and set goals in bite-size pieces.* This makes the job less daunting, which helps guarantee success. Taking credit for achieving specific goals highlights the evidence that you *can* go the distance. Instead of thinking constantly about the "road ahead," travel well today and eventually you'll get there. Acknowledging your success keeps you moving forward. Be your own coach, and cheer yourself on knowing five yards at a time leads to touchdowns.

As you recover documents from their hiding places, you may decide that some are no longer of any value and need to be pitched. On the other hand, you'll find a few that need immediate attention. If a letter from the IRS doesn't shock you into changing your helter-skelter habits, nothing will. Do not allow clutter to build up again. Put things in their proper place as they're used, and clean up at the end of each day. Better yet, put things where they belong as soon as you've finished with them.

Your backup team is depending on you to do this now.

**Organizing is really about the big picture.** As you sort through your office and review documents you haven't seen for awhile, you'll confront some larger issues. For example, what resources will you need in order to organize your business so that it's secure in every way? What is it going to cost in dollars, time, and people to maintain the business if you're suddenly taken out—for a week, a month, or more?

What will it cost to grow the business beyond mere maintenance for the short, intermediate, and long term if suddenly you're not there to keep it moving? Will it take an aggressive sales effort, and if so, what will that entail? Do you need to get outside salespeople on board now? You'll need money to make this happen, which is something we'll cover later.

For now, start organizing your thoughts as you organize your workplace. It's a perfect opening, because hidden in the paperwork are items you may have missed, plus some new revelations. Words flushed out of the everyday activities of your business can often provide clues to what it is *becoming*. Take time to reflect as you sort through history, and you'll more fully appreciate what's at stake. For me, this process cast new light on my responsibility to keep doing more as my small business grew in stature. I learned that I had to create a backup plan or face losing everything that came before.

Empowering others to act during a crisis will not happen on its own. The success of their mission depends on how thoroughly you've thought this through. Swift action by your team is crucial, but victory hinges on how organized *you* are. Three important elements—*organization, documentation, and communication*—are the keys to your survival plan, and it starts with an organized workplace.

## IN SUMMARY

The most important thing is to do something rather than nothing. If you do nothing toward building a backup plan, your business will fail during an emergency—it's that simple. Just look at the statistics. And it starts with an organized workplace.

This isn't brain surgery. It takes no special expertise to do what I've described. Nor is it particularly easy. This is a lifestyle change, not a one-time "clean up my act" attitude before slipping back into old habits. You're committed to a continuing process of steady vigilance: No more clutter; everything in its place, now and forever.

And while you're at it, create an *inspiring* workplace. Motivational sayings posted around the office and some interesting pictures on the walls will add a touch of warmth and interest without taking up usable space. Beauty has a calming, comforting influence and its value should not be discounted—especially during a crisis.

There is nothing more important to the success of your backup team than *you* getting organized *now*. Once you've cleared away the clutter and put everything in its proper place, you can take a deep breath and proceed to other matters—like defining your goals.



## CHAPTER 3

# Defining Your Goals

## Short, Intermediate, and Long-Term

The acts of this life are the destiny of the next.

—Eastern Proverb

**O**n January 8, 2011, a shooting rampage left Arizona Congresswoman Gabrielle Giffords fighting for her life after a gunshot wound to her brain. Six people tragically lost their lives during this senseless, murderous act, but “Gabby” miraculously survived. Most of us will never forget this terrible day and how a nation grieved for the loss of lives and waited for news of Ms. Gifford.

An outpouring of support clearly boosted her survival and recovery, although the eventual outcome of her condition remained unclear. On February 8, 2011, the *Arizona Daily Star* reported that Gifford’s offices in Tucson and Washington opened as usual because “that is exactly what she would want.”

Subsequent reports during the months that followed confirmed a slow and steady recovery, but it would be quite some time before Congresswoman “Gabby” could, if ever, return to her duties. Time and again it was stressed that her goals and objectives were so clearly known by her staff that they were able carry her vision forward, even though she was not there to guide them.

This tragic story illuminates how life can change in an instant, and no one is exempt from the unthinkable consequences of a random moment. While it is counterproductive to dwell on the possibility of misfortune, it’s important for you to clearly define your goals and how you would like them carried out in an emergency, whether brief or prolonged. The depth and

scope of your goals will depend on the complexity of your business, your age, your finances, and the availability of an outside person or team of people to manage during a predetermined length of time.

Success will be judged according to how well you've planned, not just in theory but in practice. Without clearly stated goals your team could take the business in a direction that would be difficult to change later on. There are three steps in this process. You need to establish your goals, evaluate them in light of emergency planning, and then communicate them to the people you've chosen as your backup team.

This involves knowing exactly what a goal is, because the word has been oversimplified. Synonyms are objective, intention, purpose, and intent—which promote a deeper reflection than simply going from point A to point B.

For example:

- Do your goals support your purpose, and exactly *what is* your purpose?
- Do your goals provide the means for achieving a desired result?
- How will your goals for the business be affected during an emergency?
- What must you do to modify your goals, so they succeed during a crisis?
- Have you written down your goals first as clear objectives, and then as procedures so that others will be able to move them forward without guidance?
- Have you tested your procedures for any weak spots, and addressed them?

Your goals should encompass all three time frames:

1. Emergency maintenance of the business (short term)
2. Maintenance plus growth of the business (intermediate term)
3. Complete shutdown if the crisis is prolonged or permanent (long term)

## SETTING SHORT-TERM GOALS

Precisely what does *short term* mean to you? A day, a week, a month? What needs to happen during this time more than anything else, if the business is to survive?

Setting short-term goals assumes you'll be absent for a certain period of time, let's say no longer than three weeks. What are your priorities? Is it communication with clients, suppliers, and everyone who depends on you? Is it sales and marketing, fulfilling orders, managing employees, keeping track of inventory? Perhaps it is a combination of all these things, but understanding the priorities will enable you to manage first things first.

You'll need to clearly define your priorities for the short term, so your team will know what needs to be done most urgently, and in what order.

## SETTING INTERMEDIATE-TERM GOALS

What does *intermediate* mean in terms of time? What do you anticipate as the most pressing challenges, and how can you begin to address them now?

Now you'll need to consider more extensive goals, in case the crisis continues beyond a few days or weeks. Intermediate-term goals will take a longer, more expanded approach to managing your business. This will include all your short-term goals, plus a continued effort to build and maintain the business from a sales and marketing standpoint. Finances will become even more critical, if your return to an active role is delayed.

Ask yourself: How long can the business survive without my being there, if the crisis is prolonged? The answer to that question will help you determine what kind of backup you need for a period of, say, more than three weeks but less than three months.

During this intermediate phase, can the business sustain itself without outside sales? This will depend on whether or not you are the sole salesperson, but it raises the question of who will take charge of that effort. How about administrative tasks, technology, or communication? What must you do now to secure backup for all important functions? This will involve a goal of learning what resources are available, and considering your alternatives—whether it will be temporary help, enlisting an intern, or delegating to existing staff.

Getting organized is one of your most important goals in preparing for any crisis, regardless of its duration. By staying on top of things now *as if* you're going away, you'll avoid leaving a mess of problems for your team to unravel when time is of the essence, and you won't be there to supervise.

In other words, always think ahead as you work your business now. Cross all the *t*'s and dot all the *i*'s so everything is in readiness for any unforeseen event. This does not mean dwelling on negative events, but rather the opposite. Now you can move through your days with greater peace of mind, knowing you've organized your business to handle a crisis. Being organized is simply good practice; but it becomes absolutely critical during an emergency.

## SETTING LONG-TERM GOALS

This is the tricky part. How long is *long*?

What will happen to your business if you're gone for an extended period of time? Have you considered the worst possible scenario—that you may not

return to your current role? This is where an exit strategy comes into play, which we will cover in Chapter 10. An extended crisis could trigger a permanent change to your career as the following story demonstrates.

*Eben Alexander, a famous neurosurgeon, was in the prime of his career when illness struck and placed him in a meningitis-induced coma. After seven days in this state, during which time doctors weighed the possibility of stopping treatment, he miraculously pulled through. During his long recovery, he wrote a best-selling book, Proof of Heaven: A Neurosurgeon's Journey into the Afterlife. Dr. Alexander has been a lecturer and guest of countless talk shows following the publication of his book. He created an entirely new career for himself as a direct result of a life-threatening health crisis.*

We may not think of a neurosurgeon as your typical solopreneur, but it fits, because *they are their business*. Part of any backup plan is having options. This means planning for a damaging turn of events even when things are going well. It does not mean neglecting or discounting what you do now. It's not being obsessed over things that might happen, but rather about being realistic and making space in your plans for change. An important goal is knowing what you might do if a door closes—by having another in your field of vision.

## RESPONSIBILITY AS A GOAL

One of your most important goals is to make sure your spouse, partner, adult children, or anyone else who depends on you for their welfare understands the business. If something happens to you, a sudden health crisis for example or even your death, they need to know what steps you've taken to provide for them financially.

Involve these significant people in the mechanics of the business, and make it an ongoing practice. Show them where to find the information they will need to process claims, pay bills, and manage your health care if something happens to you. Provide contact information for insurance agencies, financial institutions, accountant, lawyer, and others who can offer assistance when you are not able. This kind of support is vital, as the following story illustrates.

*Susan's experience growing up in large family had been a happy one, and she hoped for a large family of her own one day. She married Greg while he was still learning his trade as a young mechanic, and they had their first child fairly soon. Three more arrived without much time in between, two of them twins.*

*The couple decided Susan would remain at home until all the children were in school, leaving it up to Greg to support a burgeoning family. Finances were*

*a constant issue, so Greg was “open” to some risky ventures as he built his auto repair business. Everything was rolling along with expectations of good things to come. But all of that changed when Greg was tragically killed while riding his motorcycle to work.*

*Susan was devastated with grief over this sudden loss. She had four children to support, and no idea how Greg had managed their money or his business. She was too busy being a mom to pay much attention to those things. Susan was caught in a downward spiral. Her parents weren’t wealthy, nor were Greg’s parents, so it was up to her now. Her siblings were scattered across the country, but she did have many friends and neighbors, who came to the house with food and promises of support following the tragedy. I happened to pass by her house on the day of the funeral, and cars were parked for several blocks.*

*When survival finally kicked in, Susan began to uncover things that were shocking to her: they had no savings, a mortgage, and Greg had no life insurance that would have covered his financial obligations. He had a less-than-stellar credit rating, so it was tough to get a loan while she looked for work . . . and a nanny. I don’t know what happened to Greg’s business but presume it was liquidated, probably at a loss.*

If you are the dependent spouse, partner, or significant other of a solopreneur or small-business owner, one of your most urgent goals is to know the business that supports you. It may not feel comfortable to ask questions, and there could be some guilt in doing so. After all, someone else is paying the bills, right? Wrong thinking. Your support role has tremendous value and should not be diminished. The safety and well-being of your family depends on you being involved in all financial decisions—because they affect you directly.

If you are the solopreneur or small-business owner, make it a goal to involve your spouse, partner, or adult family members in making decisions that will affect their interests. They need to fully understand what will happen to them if something happens to you. By enlisting their participation, you’ll be building a bridge to a more solid partnership.

The process of building an emergency plan will help define your goals by *creating a sense of urgency*. Solopreneurs get busy and often forget to revisit their goals, which can lead to errors and misdirection. When the survival of your business is at stake, solid goals are your greatest route to safety. Once identified, goals become the building blocks to your company’s policies and procedures—which tell the world (and your backup team) how your business functions. An emergency plan puts things in clear focus, and adds a sense of urgency to the process of goal setting.

## **POLICIES AND PROCEDURES—YOU CAN'T DO BUSINESS *WITHOUT* THEM**

Without company policies and procedures, behavior and performance are left open to individual discretion, and the last thing you want during a crisis is for other people to take your business on a sideways path.

A solo-owned business is highly dependent on the owner for making all major policies, which includes everything that moves the business forward. A *laissez faire*, or leave things alone, approach to business can be limiting, and tends to stifle growth. It can also be dangerous when it's time for others to carry out your mission when they're called upon to enforce it. Without a written set of policies and procedures to follow, it will be impossible for anyone to know what to do.

## **COMPANY POLICY AND STANDARD OPERATING PROCEDURES**

1. Policies state the *rules* that govern your business practices. In general, policies come first while standard operating procedures (SOPs), which are more complex, will follow.
2. SOPs get down to specifics of *how rules are discharged* or a task is to be accomplished. SOPs work to *fulfill* company policies; they take a process and break it down step by step. This may include anything from how to thoroughly clean a cooking station to the sequence of assembling a product to company standards.

An example of how they're different would be if your retail operation doesn't allow returns—that's store policy. You've established this as your method for doing business. SOPs for that same store may explain how to tell a customer about the policy. An effective SOP communicates *who* will perform the task, *what* materials are necessary, *where* the task will take place, *when* the task shall be performed, and *how* the person will execute the task.

While company policy can offer more flexibility, SOPs are more rigid, and essential in high-stakes tasks that have little margin for error. In color offset printing, for example, plus or minus 1/64 of an inch can throw off the registration and distort the images. Likewise, many technical tasks, like correcting a Web site's coding errors or fixing a computer, are best served when certain protocols or SOPs are written out.

Many businesses write down their policies and SOPs, while in larger organizations, many policies are merely passed down from person to person.

It's especially important for a solo-run operation to document policies and procedures, because it often lacks a verbal communication ladder.

## Writing Company Policy

Basically, company policy directs day-to-day operations and will be dictated by the kind of business you are in. It provides the basic structure within which staff (or your team) can operate without supervision. Essential policy should be made during start-up, and can be altered over time. How much policy is enough or too much? Policy is like government; you can have too much of it; and in both cases, less is more.

Basically, *rules* are needed to minimize errors, maximize efficiency, insure proper and timely communication, and keep clients satisfied—while meeting profit requirements.

If your business has employees, they need to know the rules. Issuing company policy in the form of an employee handbook will ensure that everyone has the same information. *The same holds true for your emergency backup team. They need to know the rules, and will benefit from such a handbook.*

A solopreneur can avoid lawsuits by complying with state laws; so it's important to review the laws that can affect your business when writing company policy.

Doing research on how to write company policy will open the floodgates, so it's best to know exactly what is appropriate for your business first, to avoid being drowned in options. Are you a retailer, manufacturer, broker, or author? Very different kinds of policy will apply to a wide range of businesses.

### **Some common issues to consider when writing company policy:**

- Discrimination
- Complaints
- Confidentiality
- Cleanliness
- Emergencies
- Professional ethics
- Organizational hierarchy
- Communication

## Writing SOPs

SOPs are vital during an emergency. They provide how-to instructions that will enable your team to perform a task consistently over time, without

supervision or guidance. Well-written procedures will allow everyone on your team to be similarly well informed. A company *intranet web site* will allow you to upload, catalog, and provide access to your policies and procedures. This will be extremely useful when you aren't there to observe. You can monitor people's retrieval of certain documents, and later examine logs and output generated by the execution of each procedure, to make sure that your staff's behavior conformed to your documented procedures.

**Some common SOPs to consider will outline steps for:**

- Customer service
- Employees and payroll
- Operations
- Finance
- Administration
- Forecasting and budgeting
- Sales and marketing (with a detailed description of all such activities)
- Information technology (with a detailed account of all IT protocols including password settings, backup procedures, and disaster recovery)
- A comprehensive emergency plan

SOPs told visually through the use of a flowchart, text boxes, or annotated illustrations will make it easier for your team to do their jobs. This is yet another chance for “getting visual,” which we'll cover in Chapter Seven. People won't need to guess how you want things done, because they can easily follow procedures visually on the computer or as a printout. SOPs presented this way offer more predictability for people to execute each task, and will raise their overall performance.

To summarize, company policy is a set of *rules* that governs how you do business. SOPs are the documented *processes* that a company has in place to ensure products and services are delivered consistently, every time. You need them to do business; and your backup team needs them in order to carry out your wishes.

*A company's emergency backup plan will include enough specificity to classify as both company policy and standard operating procedures.*

SOPs in combination with company policy define your organizational structure. The existence of documented SOPs can also increase the value of a company. For example, it shows a buyer that the company is “process driven” rather than “founder driven.” When a company has well-documented SOPs, it should include them as part of its sales pitch when it comes time to putting a value on the business.

*Any business plan should include a company's SOPs.*

You can't run a business without policies and procedures; and without written documentation, there's no roadmap for your backup team to follow during an emergency. I've spent quite a bit of time on this subject because it is essential and often overlooked—until a crisis occurs, then it is too late. Without rules and procedures to follow, confusion reigns, and that leads directly to disaster.

## Assessing Risk as Part of Goal Setting

Managing risk is at the heart of entrepreneurship. Risk can be an investment in the future, like obtaining financing for expansion or forming an alliance you've determined as an opportunity worth pursuing. Another important goal is to assess your level of risk, and how it will impact you during an actual emergency. This assessment will allow you to see any cracks in your armor, and take action to fill them with safe practices.

Taking calculated risks is something every solopreneur must do to grow, but hedging your bets and taking chances can put you out of business very quickly. Calculated risks are for smart entrepreneurs; taking chances are for fools who don't pay attention to certain realities—believing these realities exist only for others, who aren't as smart, savvy, or busy as they are.

There are many types of risks; some are obvious and others more subtle. Knowing how to evaluate risks and the threats they pose is one way to safeguard your business and keep it solvent. *Not having an emergency plan is a risk you can't afford*, because it is certain to cause disaster—period.

It's impossible to set goals unless you have full knowledge of the strength of your organization to manage over time. Your strength includes how much risk is sensible—which determines the ability to act decisively when faced with a crisis. How strong *are* you? The following steps will help identify your strengths and weaknesses, and provide a starting point for action.

Part of goal setting is paying attention to each step in your emerging plan, and checking to be sure you're on course. Your map and compass may be as simple as a daily checklist that tells where you are in the process, and what you need to do *today*. Taking small steps with a goal in mind is the way to get to a place of safety, one day at a time. Most important, take preventative action for each risk you can identify, and have a goal for where you need to be when a crisis occurs.

An example of a risk assessment checklist can look something like this:

- Computers
- Phones

- Servers
- File backup system
- Financial resources
- Communication network
- Legal authority (so others can act)
- Instructions (for others to follow)
- Adequate insurance

## **Assessing Vendors as Part of Goal Setting**

The main objective of a vendor assessment is to determine which vendors are most influential, and critical to your business. Having made this determination, it's important to evaluate their ability to continue service in the face of any disruptions—from a minor glitch to a full-blown emergency. Maintaining a good working relationship with your vendors becomes an important goal for the smooth flow of operations on a daily basis, and during a crisis. This flow should cover all possible circumstances, and provide a mutually supportive system.

To most small businesses, vendors are a significant part of operations. Most solopreneurs have very few, if any, employees, so vendors become real partners to the business. Make no mistake about who's in charge, but treating vendors according to their value creates a strong bond, and the partnership deepens through a mutual web of experience. My business could not survive without my suppliers, and I imagine many solopreneurs feel the same way.

Assessing your vendors will help you evaluate their contributions, and whether it's time to make any changes. Once accomplished, you'll be in a better position to know which suppliers will be there for you during good times and bad.

Include your top vendors in your backup team. Let them know what you have in mind in terms of support and how you can return their goodwill. This gives people a chance to develop a sense of loyalty. Find ways to communicate on a frequent basis with any developments, changes, or news that will be important to know, should they be called upon for help.

## CHAPTER 4

# Choosing Your Backup Team

## Leverage Their Capabilities Now, While You Can

Someone's sitting in the shade today because someone planted a tree a long time ago.

—Warren Buffett

**S**electing people to manage your business during an emergency is the most important thing you can do, because they will determine its very survival. Without their intervention and support, your business will probably fail. While the busy solopreneur wants to get the job done and move on to other things, like making sales, it's critical to take the time now to choose wisely. You will not have that ability, if and when you're less than fully functioning.

The people you choose to run the business may or may not be appropriate to access your personal information, so immediate questions to ask yourself are:

1. Who will manage the business?
2. Who will manage my personal affairs?
3. Are they one and the same?

I will use the term *backup team* or simply, *team*, to designate the individuals who will carry the ball during your abrupt exit from the playing field. This person or group of people should work together as a seamless whole—and you as the coach must assign their positions before the game begins.

No one can fill your shoes exactly, but you can lay the groundwork for a reliable substitute. One individual may not have all the skills you require, so you'll need to decide which are most important to your business. Is it communication, production, sales and marketing, financial know-how, or all of the above? Be specific. A great coach will leverage each person's capabilities to their fullest advantage.

When I was interviewing prospects for my own team, I was interested in their questions, such as: "What does a typical day look like? What do you do in the morning; in the afternoon? Are there other businesses like yours? Who are they? What do they do? How are you different? Who is your competition?"

I was amazed to learn these people were not well versed in what I do, though we'd had a close relationship for a long time. We tend to assume everyone knows what our business is about, but in reality their knowledge is mostly on the surface. For the solopreneur in particular, there is a certain persona that reflects you, its owner, rather than an extensive corporate culture. This is in fact a large part of what the customer is buying. Consider the fact that the biggest asset of many businesses is the management, the know-how to make it profitable and the ability to complete business transactions. The selection of your team should mirror, to the best of your ability, those personal qualities you yourself bring to the business.

In the course of a day, solopreneurs live the business through their actions and interactions with other people. Crucial to your team's success is the ability to visualize this process through your eyes, so they can act appropriately and with confidence when their time comes.

## BE ABLE TO DESCRIBE YOUR BUSINESS

Talking to people about my business enabled me to organize its salient points. I thought, "If I can't describe my business to the people who will run it for me, or write about it in a few short paragraphs, I'd better re-evaluate my marketing strategy." Listening to their questions helped me to understand what *they* needed to know, and it was not always what I *thought* they needed. It also provided an opportunity to get to the heart of the business; to revisit the core values that define my purpose, and why I became an entrepreneur in the first place. This is important for your team to know.

Take time to describe the *personality* of your business. Inherent in the word *personality* is another word: *person*. Your business is a living thing—a mirror of the people who work in and around it on a daily basis. If your team sees the business as having personal qualities, they'll be better equipped to

maintain familiarity, continuity, and trust—things your customers bought into in the first place.

Bear in mind that some aspects of your business will be completely new to your team. Discuss their comfort level performing tasks that might not come naturally. Ask how you might supplement any weak spots with support mechanisms, and put them in place now. For example, leave some flexibility for your team to reach out to certain prequalified individuals about business matters that might occur on their watch. This will naturally include your accountant, banker, lawyer, suppliers, or other people who know your business from different perspectives. Confirm their support now, in case they're called upon to offer their expertise during an emergency.

Arrange a face-to-face meeting with every person who plays a role in your emergency plan. Even if there is never a crisis, there are many benefits to re-energizing your relationships. This is something you may have neglected doing in the past, because you were too busy or didn't have a good reason. Now you have a good reason—survival—and people will respond when they're asked for help.

## **STRATEGIES FOR CHOOSING YOUR BACKUP TEAM**

What is your evaluation strategy? In other words, what are your criteria for choosing a backup team? Using a list of the most requisite qualities, you can narrow down the number of candidates to a few high performers, rather than merely considering people to whom you feel personally attached. If you're comfortable using spreadsheets, they're a great way to organize things.

### **Consider Family Members—But Be Careful**

If there is someone in your family who knows the business well, one you've privately considered as your successor, have a conversation to determine their interest. I thought my niece would want to take over my business one day, but when I suggested it, she replied that it was not a career choice for her. Yes, she understands the business and would be a fine person to step in temporarily, but not for the long haul. These truths need to be flushed out as you start building your team. Be prepared for surprises, because you may have some long-held misconceptions.

If you find someone who's willing, and a good fit for either the short, intermediate, or long term, get them involved right away so they can start learning their new role. It's crucial to be up-front about all that the job entails so there are no surprises down the road.

Know there can be challenges when dealing with family. This fact alone has caused more and more business owners to consider hiring professional managers as an alternative. Be mindful of delicate family ties that are lifelong and irreplaceable. Extreme care is advised when dealing with family.

The Family Business Institute specializes in succession planning for closely held family businesses. It states that, for most family held businesses, succession planning is an opportunity to create a multigenerational company that embodies the founder's mission—but it is also the toughest critical challenge they face. Somewhere around 88 percent of small-business owners believe their family will ultimately control the business, but statistics don't support this belief. According to a Family Business Institute white paper, "The Family Business in Transition," "The statistics say there's a disconnect between the optimistic belief of today's family business owners and the reality of the massive failure of family companies to survive through the generations."

What does this mean in light of emergency planning? It means choosing the people to act as your team involves a long-term strategy. Simply believing your family is appropriate to sustain the business over time is naïve and a comfort you can't afford. It's much wiser to be realistic and weigh all factors when making these decisions, which requires foresight and scrupulous planning.

## **Solicit Client Feedback**

While there's no need to tell clients you're working on an emergency backup plan (unless you feel it has some benefit), you can ask how they feel about the people who might be handling their business. Consider taking your top candidate to visit your top clients so they're familiar with each other, and solicit critical feedback. Placing your business in the hands of someone your largest customers find objectionable has real drawbacks. They could look to one of your competitors, even if you're gone for a short period of time. Losing clients will make it more difficult for your business to bounce back when the crisis is over.

## **Understand Your Candidates' Intentions**

Talk seriously with your candidates to find out whether they're committed for the short, intermediate, or long term. This is no time to be open-ended. Advise people whether it's an ongoing commitment or limited in time, and be specific. If this issue is left unresolved, it will surely cause problems later on. Have an open and frank conversation about the amount of time a person is willing to pledge. Also, find out if they have any aspirations to run a

company of their own in the event the crisis is permanent—which is part of succession planning. Some people would prefer not to make such a commitment and prefer a short term, which is important to know. Through dialog and clearly stated intentions, you'll gather key information. What's more, you will come to realize that some people are better suited, or more inclined than others to assume certain kinds of roles in your business.

It becomes increasingly important to keep your team in the loop as the business develops and grows. Invite these people to your office from time to time and acquaint them with any changes, while gradually giving them a part to play. Then, should an emergency bring your team from the sidelines to the playing field, they'll be ready to go.

## **FINDING RESOURCES FOR YOUR TEAM**

If you can't think of anyone who has the skills you need, consider the following as possible resources for your team:

- A close professional colleague who understands your business well enough, and can learn quickly. For example, someone you've worked with on various committees through Rotary, the Chamber of Commerce, or other quality organizations including your church or temple.
- Interns offer a wide range of benefits, and you'll be providing a valuable service in return. Contact a local university or community college to learn about their programs.
- A stay-at-home mom with management experience who is chomping at the bit to be working again, and can telecommute from home. Perhaps she could serve as a "virtual assistant" now, and later assume more responsibilities.
- A retiree with experience running a small business who is willing to work on an interim basis.
- A professional manager. It's a growing option for businesses that have exhausted all other possibilities.

Prospects can be found through universities, online employment resources like Craig's List, the Small Business Association (SBA), SCORE, local Chambers of Commerce, and senior advocacy groups to name a few. Ask around. Various professional and trade Web sites, carefully chosen social media, and solid networking will provide names of individuals seeking the kind of work you're offering. Get the word out now, and see what develops—before there's a crisis.

While this may sound outrageous, your competitors can be a possible resource so long as you trust they will not steal trade secrets. I've heard stories about competitors stepping in to help each other during a crisis and, by doing so, have built an enduring alliance.

A temporary staffing agency specializing in small business is another possible source, and it's well worth a phone call or, even better, a face-to-face meeting. Tell the agency what you have in mind, and ask about possible solutions for the short, intermediate, or long term. Your backup team can make the call if temporary help becomes necessary, because you've laid the groundwork.

Use networking, research, and creativity in locating qualified people for your backup team. You may want to consider running a background check, if you do not know the parties extremely well. It is a fundamental business practice to conduct background checks, and surprising that more business owners do not perform them. The SBA's Web site has good information on how to conduct a background check. It is important to use a reliable source, such as the SBA, to avoid outdated or erroneous information.

## THE A-TEAM, B-TEAM MODEL

The A-Team, B-Team model is one way to organize the people who will perform various functions during your absence. I use the terms here simply for clarity, so apply any terminology that works for you.

The **A-Team** is your first line of defense. This person will take immediate action if you are incapacitated, and will:

1. Stabilize and contain the crisis.
2. Contact everyone on your critical call list.
3. Bring in the B-Team at the appropriate time.

### Responsibilities of the A-Team

Your A-Team, or crisis coordinator, is the first person to arrive on the scene, and one who'll take immediate steps during the early hours or days to get things under control. It can be a trusted friend, partner, colleague, spouse, or family member to whom you've given instructions well in advance—like where to find the keys to your office, and how to access your computer files, e-mail, and phone system.

The A-Team needs to know where you keep the *critical call list* of people who must be notified immediately. It is your job to update the list routinely with changes that occur over time.

Your A-Team can be counted on to step in at a moment's notice, but may or may not be capable of managing the complexities of your business. Their most important role is to diffuse the initial crisis, but you may assign ongoing duties—depending on certain factors, such as experience and knowledge of the business.

Your A-Team is responsible for contacting the B-Team, and working with them during the transition. The B-Team will spring into action when it's time to start managing the business on a daily basis.

When choosing your A-Team, determine the breadth and scope of their assigned powers. In other words, is the A-Team the same as your personal agent—with legal authority to make financial and even life and death decisions on your behalf? (We'll address this in Chapter Five, "Making It Official.") You won't have an opportunity to make these decisions if you're in the middle of a crisis, so be painstakingly thorough now. It goes without saying that these lines of authority must be agreed upon by all parties concerned, and put in writing.

*Motivation* is an important qualifier in the selection process. The question to ask yourself is, "What will motivate this person to serve as the A-Team? Is it family ties, money, a desire to learn the business, altruism?" When interviewing candidates, key in on their motivation and determine if it is strong enough to sustain them over time.

An heir, spouse, partner, or adult offspring will have a vested interest in keeping the business solvent, and will be highly motivated. For others, motivation could be a need for part-time employment, advancing business skills, learning a trade—or simply the satisfaction of helping another solopreneur in distress. Motivation is a basic human need and underlies what makes people act in a certain way. Therefore, consider it a key element when choosing each member of your backup team.

If financial compensation is a factor, you'll want a contract that stipulates the exact responsibilities of the person providing them, the agreed-upon compensation, the duration of the contract, and any other items pertinent to your situation. It can be as formal or informal as the circumstance requires, but it's always best to get things in writing so there are no misunderstandings. You will need to set aside the money to do this, which is part of your financial planning discussed in Chapter Six, "Managing the Money."

## **Interviewing Candidates for Your A-Team**

When you meet with candidates, discuss their motivation, needs, and responsibilities in detail. Write your impressions while they're fresh in your

mind about why you think each candidate would be a good fit—or not. Ask yourself if the motivation is strong enough to sustain a commitment over time. Is it based on the side of money, loyalty, altruism, or opportunity? Can you provide what they need?

Interviewing candidates for the B-Team will follow the exact process as the A-Team, but with considerably more detail regarding their responsibilities.

Because both teams will be asked to perform in an unfamiliar environment, they will need a basic understanding of orthodox business practices. Qualities like organization and communication skills, honesty, loyalty, and the ability to work as a united team will provide the greatest benefits. Be able to qualify candidates using the values and skills appropriate to your needs.

When choosing the people who will take the reins during your absence, consider the possibility that the crisis may be lengthy or irreversible. You can see how important your choices become, when taken in this light. Now is the time to ask if anyone would be interested in taking over the business permanently, in a worst-case scenario.

## Responsibilities of the B-Team

Once the A-Team has contained the immediate crisis, and assuming you've left clear goals and instructions both verbally and in writing, the B-Team will act quickly to keep the business functioning.

The **B-Team** is your second line of defense. These people have the requisite skills and expertise to fully manage your business on a daily basis and will take action to:

1. Thoroughly evaluate the situation.
2. Act independently utilizing their specific skills.
3. Work as a team to implement company goals, policies, and procedures.
4. Perform all actions necessary to insure a smooth transition and performance of the business.

Examine your list of prospects to confirm each person qualifies for the more extended services the B-Team will provide. These are the functions each person will be expected to carry out during the crisis and into recovery. The B-Team is responsible for the ongoing operations of your business *at every level*. You must be very clear now in summarizing their specific duties and responsibilities, because errors or confusion later on can turn a single crisis into a financial disaster.

Assign broad *categories* first, and then the operative *functions* within each category. For example, some general categories are communications, operations, technology, sales and marketing, customer service, financial, and legal. Functions include the specific duties and responsibilities required for performance within each category, which we will cover in Part Two. Your company policies and procedures will provide invaluable help in to your team when time is of the essence.

### **Interviewing Candidates for the B-Team**

Before you begin the interviewing process, write down all the categories, and the functions to be performed. Each person must understand their own responsibilities, while in relationship to other team members. In all likelihood your B-Team will be limited to a few people who will be asked to take charge of more than one category. They'll know what to do because you've provided good instructions and tools, including your company policy and SOPs.

It's important for you to determine how you envision the B-Team participants working in partnership with each other. An organizational or flow chart will aid in the process and serve to illustrate how you want your team to interact, including the lines of authority.

### **A + B = YOUR EMERGENCY BACKUP TEAM**

You've interviewed all candidates and made your final selections. Now it's time to:

- Meet with your A-Team at your workplace and go over their responsibilities.
- Meet with your B-Team to go over their responsibilities, and to schedule training.
- Assign a lead person for overall team coordination.
- Meet with both teams together, so they can get to know the others and form a bond.

### **INTERNAL AND EXTERNAL COMMUNICATIONS— BOTH ARE ESSENTIAL**

**An emergency communications plan** is essential for keeping people informed, and will include both internal and external procedures. Your backup

team must be able to communicate with each other and the outside world. Within a large organization, *internal communications* facilitates strategic conversations and connections among leaders, managers, and employees. In a solo-managed or small business, internal communications is likewise an exchange of information, but on a much smaller scale. It is the job of the solo-preneur to decide exactly who will be included in this process, and how wide to cast the net. During an emergency, internal communications plays a critical role in keeping your team connected via e-mail, phones, intranet, and any other means you determine will relay information quickly.

External communications is an exchange of information between your business and those on the outside. This can include broadcasting through various social media networks; local news media that includes newspaper, radio, television, and the World Wide Web.

You'll need to establish an **alert notification system** capable of communicating your status to everyone identified as critical. This can be any opt-in system you devise (being aware of spam as a roadblock), which will allow messages to go out through e-mail, text messaging, your Web site, or other broadcast means. Because the methods are one way, include an **online message board** so people can interact with each other. This is typically a forum for posting messages, such as threads in a blog post. You can also purchase weblog software that incorporates forum features.

Be sure your team is trained in managing all aspects of the communications network, and assign a lead person. Give them instructions, such as:

- A written set of communications goals, including your priorities from high to low.
- A database or specific document files that show passwords, account information, and key contacts (meaning everyone important to the business).
- A clear statement of what is appropriate to share with others including the media, about what can and cannot be disclosed.
- Pretesting of your communications plan to be sure it works properly.

## **CALIFORNIA: AN EXAMPLE OF PEOPLE TAKING ACTION**

Volumes have been written about how to prepare for natural disasters. Earthquakes cause unbelievable destruction to populations and can wipe out entire geographic locations. The state of California, because of its close proximity to the San Andreas Fault, is developing programs for preparation,

response, and recovery in the event of a major earthquake. Because detection methods haven't progressed with any reliability, there's no way to predict an earthquake. So the emphasis is on how to prepare for, and survive, when one might occur.

The California Office of Emergency Services (OES) has a Web site that outlines the steps that communities should take to prepare, and so reduce suffering and mortality. Steps include: "planning and approach, getting started, organizing people, preparation checklists and training, drills and exercises," all gleaned from "lessons learned in past earthquakes." Elaborate practice drills are currently taking place, and they include whole community response teams, fire and police departments, hospitals, and volunteer groups—as if a real earthquake had just occurred.

These drills have helped guide response teams toward better success during the worst-case scenarios. Their exercises were shocking evidence of some deep vulnerabilities, and that more needs to be done in closing the gaps.

The correlation between team members preparing for a natural disaster or a business in serious personal crisis is so closely related that I'm compelled to present some of the California OES instructions that appear on its Web site, [www.caloes.ca.gov/cal](http://www.caloes.ca.gov/cal). This training can serve as a guide in building your own emergency plan, because the steps are a result of actual experience under adverse conditions, and offer evidence of what works.

The quotes that follow are not verbatim, but very close. I've substituted "crisis" or "emergency" for "quake." The key concepts are: "before, during and after" the emergency; and "prepare, respond and recover." Preparing your business for a serious personal crisis follows many of the same principles as preparing for a natural disaster. You can't predict an emergency but you can take steps, like California is doing to minimize its effects.

### **California's Standardized Emergency Management System**

"The Standardized Emergency Management System (SEMS) is the cornerstone of California's emergency response system and the fundamental structure for the response phase of emergency management."<sup>1</sup>

#### **The California SEMS Guidelines on Team Duties**

- Your coordinator, or team, is the organizational focus for all activities. Preparations should be made *before* the crisis to train volunteers.
- Each of the response teams should have a leader and team members.

- It is a good idea to assign responsibility for tasks because, otherwise, everyone will feel compelled to try to do everything at once, and a consequence of this chaos is that none of the most important tasks will get done very well, if at all.
- For each team there should be an established progression of who will be in charge. For example, if a particular team leader is not present, who should take his or her place?
- If your group is not large enough to have full teams, it should have at the minimum, an overall coordinator.
- After the crisis, your team should meet as soon as possible to begin response and to keep track of the situation. They should assign people to tasks and deal with problems that arise.

These instructions serve as evidence that team building is crucial to any emergency plan, including one for your business. Note that lessons learned from past earthquakes have left no doubts about what needs to happen—before, during, and after the crisis.

## **ENTER: YOUR RECOVERY TEAM**

By now you've chosen, or are in the process of assembling, an emergency backup team that suits the size and scope of your business. Maybe it's only one person, or perhaps it includes an *A-Team* (or crisis coordinator) for containing the immediate crisis plus a *B-Team* (or staff) who'll manage the day-to-day operations for the longer term.

These people will know what to do, because you've clearly stated your objectives and prepared them to run the business according to your goals. You've shown them how to navigate your office, use your equipment, and communicate with each other and the outside world. You've authorized certain individuals to act on your behalf legally in all matters of importance.

Now when a crisis occurs, your suppliers, clients, and colleagues will be informed and supportive because you've built a network of people ready and willing to help. The immediate crisis is contained through the actions of your team, and the business is functioning normally, or close to it. Whatever it was that caused the trauma, you are presently covered and free of dire concerns over the survival of your business. You can use your energy to recover now.

During the time of recovery, perhaps you're able to be mentally present yet unable to be physically present (or vice versa). When will it be safe to become involved in making decisions and to what extent? You might honestly *think* you're okay, and being a solopreneur you'll *want* to be okay very quickly.

This is a time to be realistic, because in fact you may not be ready to make decisions quite yet, for any number of reasons.

This is when it becomes necessary to have an independent third party, call it your recovery team—a trusted friend, colleague, or family member you can rely on to tell you how they perceive the situation. This person knows you well and can evaluate your critical thinking, reaction time, and other faculties (or lack thereof) with complete candor.

It's important that you agree, ahead of time, to follow their advice and put your own feelings aside. Frequent visits to your workplace to see how things are going and field questions will provide your recovery team with valuable input. In collaboration with your backup team, they will help determine when you're ready to fully manage the business. This will be a heart-felt choice, because there may be strong disagreement at some critical moment and you must agree *ahead of time* to bow to their wishes, knowing they're made in your best interest.

No matter how badly you want to rejoin the business, it would be a major step backward if it's too soon. Your emotions can be tender or frayed. If you underwent surgery, it will be weeks before the anesthesia wears off. Your mind won't be as sharp as it should be. After the physical recovery, there may also be a period of emotional recovery that requires some extra time away. Your recovery team can help you make these decisions.

Recovery isn't just about getting up to speed as quickly as possible. We're made up of feelings that can make or break the best laid plans and should be taken seriously. On the other hand, feelings mustn't guide and direct our decision making, especially during times of great stress or trauma. Lean on the people who'll help you to manage your feelings as well as your business—it will keep things in perspective.

We all know the hardest thing for a solopreneur is to give up control, and the reason for having an emergency plan is to give you *more* control. Decisions will be made when things are going smoothly, well in advance of any crisis. Yes, there will be a time during recovery when you'll feel frustrated and out of sorts, but that's based on your emotions, and emotions are not reality. In reality, you've done everything possible to plan for this moment. Now, *that's* control.

## NOTE

1. California Governor's Office of Emergency Services, [www.caloes.ca.gov/cal](http://www.caloes.ca.gov/cal).



## CHAPTER 5

# Making It Official

## Empower Your Team to Act Legally

Dream as if you'll live forever, live as if you'll die today.

—James Dean

**L**iving as though we might not be here tomorrow means making every day count; but it can also mean we may not be around to take care of things that deeply matter. What you do now to prepare for sudden and unwelcome events should be built into an inclusive life plan. For the solo business owner, this involves preparing for emergencies that could threaten not only your business, but your life.

Ultimately, your emergency plan centers around the people entrusted to manage the business during your untimely absence. Now you need to *empower* those people to make decisions, implement policies, and take specific actions that will affect you and your business in significant ways. Without assigning them the legal authority to act on your behalf, nothing will happen; absolutely no progress will be made, because they cannot legally perform the duties you've assigned to them.

Naturally you'll have concerns about authorizing people to sign important papers, access your finances, and make decisions that will impact your health and well-being, even your life. These are questions only you can answer, after doing some serious soul searching. The people you select to make decisions of great personal consequence must be concerned only with your welfare. Self-interest has no place in this equation, so consider each person thoughtfully.

There are some major differences in the powers you'll want to assign, and I'll touch on them briefly. Remember, you alone will determine what kind of authority to allow, so it's important to understand the fundamental distinctions and specific intent of each.

## WILLS AND TRUSTS

In the event your crisis is irreversible, you must not delay in preparing for that possibility through the creation of a will or trust. We all know that having a will or trust insures that property will be passed down to the people you specify and to no one else. I want to spend some time covering the basics, because they're often misunderstood.

It is astonishing to me, in talking with solopreneurs, how many do not have a will. These are people whose family members depend on them for their very survival in the event of a worst-case scenario. Although it may sound contradictory to include a will in your survival plan, end-of-life issues need to be considered. Everyone who has built a business wants some kind of legacy to remain. This includes distribution of assets to the people who are most important and who have made sacrifices along with you. If you do not make a will or use some other legal method to transfer your property when you die, state law will determine what happens to your property, which includes your business assets. Without a will, property will go to your spouse and children or, if you have neither, to your other closest relatives. If no relatives can be found to inherit your property, it will go to the state.

In addition, in the absence of a will a court will determine who will care for your young children and their property if the other parent is unavailable or deemed unfit.

Any adult of sound mind is entitled to make a last will and testament. Beyond that, there are just a few requirements:

- The will must be signed by at least two witnesses.
- You must date and sign the will. Your witnesses must sign also.
- Have your will notarized.

A lawyer is not needed to write a will, and most people do not need a lawyer's help to make a basic will—one that leaves a home, investments, and personal items to your loved ones and, if you have young children, names a guardian to take care of them. Creating a basic will rarely involves complicated legal rules, and most people can create their own will with the aid of

a good software program or textbook. But if you have questions that aren't answered by the resource you're using, or your situation is unique, it may be worthwhile to consult a lawyer who is skilled in these matters.

It goes without saying that the more assets you have, the more important it is to apply every safeguard available for protecting them.

Choosing an executor is part of creating a will. It's a big responsibility to serve as an executor, and a task to be taken seriously. An executor is entrusted with handling your affairs if you should die, and is charged with protecting your property until all debts and taxes have been paid—assuring that what's left is transferred to the people who are entitled to it. Typically, an executor must sort through paperwork, find the deceased person's assets, and manage them until they are distributed to the inheritors. It involves many trips to the courthouse, and doing considerable research to be sure the laws are followed exactly.

The law does not require an executor to be a legal or financial expert but it does require an executor to have organizational skills, patience, and a big commitment of time. An executor is personally liable for the proper administration of the estate, and if the law is not strictly followed (all states are different, so check with yours), he or she could be held accountable by the IRS or by the beneficiaries.

An executor is not paid for services rendered, as it is against the rules; however, you can make some compensation for your executor as a beneficiary.

Choosing an executor is not a matter to be taken lightly. My advice is to have a discussion with the person you intend to be your executor at the time you write your will. Be sure he or she is up to the task and agrees to the assignment. If you simply write a person's name into the will as your executor, and that person refuses at the final hour, the court will appoint someone else. Some executors find the job so daunting they hire a lawyer to handle the estate, which can be expensive to your heirs. Therefore, your executor must be willing, able, and in full agreement with the assignment.

There are several Web sites that provide details, rules, and requirements for executors, the American Bar Association being one of them. Do some research before you begin the process of choosing an executor.

One of the greatest results of a thoughtfully prepared emergency plan is the ease with which everyone of importance, including your executor, will be able to access what they need. After your executor who has the broadest mandate, and moving down the scale of authority, you'll need to designate people to handle affairs of various kinds. These tasks can be very specific or very broad, and are authorized through something called power of attorney.

## TRUSTS AND LIVING TRUSTS

A trust is an arrangement under which one person, called a trustee, holds legal title to property for another person, called a beneficiary. You can be the trustee of your own living trust, keeping full control over all property held in trust. Different kinds of living trusts can help you avoid probate, reduce estate taxes, or set up long-term property management.

The main advantage to making a living trust is that property left through the trust doesn't have to go through probate court where, in many cases, about 5 percent of the property has been or can be eaten up by legal and court fees.

The roles of an executor and a trustee are similar in their dedication to the beneficiaries of the estate or trust, but their purposes are quite different. An executor settles the estate and closes things down, whereas a trustee is more of a business manager. The role of a trustee can go on for a much longer time, perhaps for many years.

Living trusts have a downside, however. Compared to wills, they are considerably more time-consuming to set up, involve more ongoing maintenance, and are more difficult to change. You'll still need a simple will as a backup, even if you create a trust. Consult an attorney when creating a trust.

## POWER OF ATTORNEY

Power of attorney is a document that confers on someone (your agent) the right to act on your behalf. In general, power of attorney will grant authority to act in specific ways. Your agent need not be an attorney, and the law recognizes him or her as an attorney-in-fact as opposed to an attorney-at-law, who is authorized by the Bar Association to practice law.

A power of attorney can be very limited and specific to a particular situation, or it can be very broad in scope. You may grant any number of powers to one person, or divide them among several people, depending on your needs and preferences.

Legally, the person who creates a power of attorney can do so only when he or she has the requisite mental capacity at the time the power is assigned. If you're already incapacitated, perhaps as a result of a head-on car crash, it is not possible for you to execute a valid power of attorney; and often the only way for another party to act on your behalf is to have a court impose a conservatorship or a guardianship. This might take some time to accomplish, when time is critical. Mental capacity must be determined by a medical physician

or a psychiatrist experienced in the field and should be provided to the court as evidence. Without assigning power of attorney, things could escalate into confusion during a crisis, so it is important to assign specific powers now.

States differ in their requirements for making the power of attorney a legal document. At a minimum the power of attorney must be signed by you, the principal. Having it notarized is not always necessary but a very good idea. Some states require up to two witnesses to the document, along with being notarized, so it's important to confirm your state's requirements. This can be done online through the Secretary of State's office.

The prospect of becoming severely disabled is not pleasant to imagine, but it can happen. During any period of time when you can't act for yourself, you'll want to have people of the highest integrity looking out for your interests. Most important, they need to be legally authorized to make decisions on your behalf so issues affecting your business are not left to outsiders, and the courts.

There are a number of transactions that require your legal authorization for someone to act. They include but not limited to the following:

- Banking
- Credit cards
- Stocks, bonds, securities, and commodities
- Safe deposit boxes
- Personal property (buying and selling)
- Insurance
- Social Security and unemployment
- Benefits from military service
- Tax matters

There are different types of power of attorney, and most can be created using statutory power of attorney forms. Most states and regions have very specific laws or statutes that cover how power of attorney may be legally used. In order to assure that your power of attorney document is absolutely legal, use a statutory power of attorney form from your state by going online and searching for "Statutory Short Form Power of Attorney."

A *limited power of attorney* authorizes an agent to do specific things named by you for a limited period of time, or under certain circumstances, assuming you're still alive (it becomes invalid if you become incapacitated or die). For example, you've suffered an injury, illness, or personal crisis that has removed you from the business, but with the hope of returning in a

reasonable period of time. Now, someone you've authorized can write checks, use your credit cards, move money from one place to another, and even sell property if that is your wish. These limited kinds of powers do not involve life and death decisions.

There are three basic documents that allow you to state your wishes for medical care, and you should have all three:

1. Living will
2. Durable power of attorney
3. Health care power of attorney

A living will is for end-of-life issues and provides guidelines only if you are terminally ill, in a vegetative state, and cannot speak for yourself. You need a health care power of attorney to cover all possible health care issues that may arise when it is not end of life, but you are temporarily unconscious. Your durable power of attorney appoints someone to carry out your wishes in *all* circumstances. These documents are legal directives that let you specify your wishes for medical treatment in the event you become unable to speak for yourself.

## Living Will

This is a legal document that states in advance your desire to receive or withhold life-support procedures if you are terminally ill, in a vegetative state, and cannot speak for yourself. It instructs medical personnel to allow you to die naturally or keep you alive through artificial or mechanical means.

There are important reasons for people to have a living will, namely:

- It will clearly state your wishes about end-of-life issues.
- It will help your family avoid making painful decisions, especially if there is any disagreement.
- It will assure that medical personnel understand your wishes.
- It will determine if your life will continue after a medical emergency and if so, at what level of quality.

A living will is limited to your medical treatment if you are terminally ill and there is no chance of recovery. It is effective only if two physicians determine that you are in a terminal condition.

In most states, living wills should state whether or not you want to receive life-prolonging treatments at the end of life, if you are unable to communicate them yourself. Such procedures typically include:

- Transfusions
- Cardiopulmonary resuscitation
- Defibrillation
- Diagnostic tests
- Dialysis
- Administration of drugs
- Use of a respirator
- Surgery

Here is something you need to consider carefully: To be placed *temporarily* on life support may be the one thing that will save your life. Therefore you need to be very clear in your instructions about whether or not you want any kind of life support and for how long.

One of the greatest dangers of a living will is the misinterpretation of **code status**. A code status tells medical personnel how far they should go to save your life. For example, a “full code” will use every means possible to save your life. At the opposite end of the spectrum is the code status DNR, or *Do Not Resuscitate*. There is a risk of health care providers misinterpreting your DNR to mean “do not treat.” A DNR order is not intended to tell health care providers to abandon treatment. A patient’s DNR status should only be applied if there is no heartbeat or if the patient is not breathing.

In most situations, we would prefer our lives to be saved if possible. But if our living will is interpreted to mean we wish to be treated as a DNR, there is a likelihood that initial life-saving measures, such as resuscitation, will not be taken.

A living will should express the length of time you wish to be on life support and will specify a person who will decide, after a specified length of time, to disconnect the ventilator if conditions do not improve. In other words, if there is no hope.

Medical issues are complicated, so you need to do thorough research in preparing for situations that will one day happen to all of us.

## **Durable Power of Attorney**

This document gives extreme power over a wide range of decisions. It is a broad and sweeping authorization for someone to act on your behalf in *all legal and business matters including health care*, when you’re unable to speak for yourself. The thing that sets it apart is that it stays in effect if you become incapacitated and unable to function mentally or physically, or even after you die. Your executor is most likely to have durable power of attorney.

## Health Care Power of Attorney

This power of attorney takes over when you are only *temporarily unable to communicate*. Most medical emergencies do not occur at the end of life. In this specific legal document, which is separate from your living will, you will appoint someone you trust to be your health care agent. Your health care agent will make any necessary health care decisions for you, and see to it that doctors and other health care providers give you the type of care you wish to receive if you are unable to speak for yourself. This includes the power to consent to any kind of medical treatment. In this document you can give *specific instructions* that require your agent to make decisions accordingly.

You can give your health care power of attorney as much or little authority as feels comfortable for you; but most people give their health care agent complete power to supervise their care. The power of attorney forms for most states will give your agent the authority to make all health care decisions for you, unless you specifically place limits on that authority in the document. This means that your agent will normally be permitted to:

- Consent to, or refuse, any medical treatment that affects your physical or mental health.
- Hire and file medical personnel.
- Make decisions about medical facilities for you.
- Visit you in the hospital or other facility, even when other visiting is restricted.
- Gain access to medical records and other personal information.
- Get court authorization, if required, to obtain or withhold medical treatment, if for any reason a hospital or doctor does not honor your living will or the authority of your health care agent.

If you have not named a health care power of attorney, your family may have to go to court to ask to have someone appointed as your guardian.

There are health care power of attorney forms available through various state agencies, your physician, or your attorney. Do your own research, as states differ in whether or not power of attorney documents need to be witnessed and notarized. Most do not need to be registered with a court or government agency to take effect. However, copies are usually deposited with your bank, broker, realtor, title agency, health care providers, and others with whom your agents will interact.

Keep the originals in a secure place where they can be accessed without court intervention, preferably with your will. You should also give a copy of

your living will and health care power of attorney to your primary care physician.

The future health and welfare of your business is intrinsically tied to your own, so if you don't take legal steps now to legally protect your interests by granting specific powers to individuals you have chosen, important matters could wind up in the hands of estranged family members, doctors, lawyers, or sometimes even judges—who may know or care little about you and your preferences.



## CHAPTER 6

# Managing the Money

## Stay Fiscally Sound during a Crisis

You only have to do a very few things right in your life so long as you don't do too many things wrong.

—Warren Buffett

**Y**our business assets provide financial security for you and everyone who depends on you. Have you provided a way to preserve those assets so that no one is left standing in the cold? This can be a big worry for those who have not planned for unexpected, potentially catastrophic events that can strike at a moment's notice. It can often haunt your thoughts and disrupt your peace of mind. An emergency plan will lift a heavy burden from your mind, but most important, it will keep a single crisis from escalating into a full-blown disaster.

The financial assets of your business are what keep the engines running, so how they're managed during a crisis can make or break your future. It is crucial, therefore, that the people you choose to manage the money have the requisite skills and understanding of how a small business functions financially. This requires thorough planning on your part to (a) choose these people wisely and (b) give them the tools they need.

One of your first steps is to have a conversation with those who will be most affected by a serious business disruption. There is a natural human tendency for others to take things for granted, assuming that "trouble" will be someone else's concern. You'll want to stress to these folks that their participation in the decision-making process will be to their benefit.

The understanding and support of people closest to you is of vital importance to your emergency backup plan—so start building bridges now, before any crisis. Let them know their welfare is on the line, along with yours, and provide them an opportunity to become involved. If you remember Susan's story, this kind of dialog could have been a turning point in her family's financial security, had she and her solopreneur husband opened that door early on.

A discussion about finances will likely stir up other issues, like estate planning. This can get tricky because the subject of finances or distribution of assets may make people feel uncomfortable or seem premature. If either is the case, you might want to enlist the support of your accountant or attorney. Now the burden is shifted from you to an outside third party who can keep things calm and relatively free of emotion. In fact, many financial matters are better left in the hands of a professional.

To discuss finances, choose an environment that is peaceful, private, and quiet—not a noisy restaurant. If there has already been a trigger event, this is the time to discuss it openly. A trigger event can be any important change in circumstances that clearly justifies the actions you are now taking; for instance a dominant health issue, a possible move, or a change in company direction that has recently gained momentum. The time to have this conversation is when everything is going great, and not during an emergency—when internal conflict could adversely affect the outcome.

Come with a plan firmly in place so everyone will know you've spent a good deal of time thinking about their personal and financial welfare. The plan can be open to review, depending on how much feedback you feel is appropriate. The process of open communication can be a major step toward enlisting future allies—whether or not there is a crisis.

Now that you've announced your plan, it's time to take the next step: choosing the individual who will manage the finances of your business during an emergency. This meeting will have supplied useful information that will help you decide if someone in your inner circle has the proper credentials for the job.

## **FINANCING THE BUSINESS DURING AN EMERGENCY**

A question with enormous consequences is, how will you pay for running the business when you aren't there? You're the one who's been out there networking, closing sales, and bringing in business. Unless you employ a sales rep who can keep adding revenue to the business, a big fat hole will emerge. How are you going to fill that hole with money until you return? You could easily lose all your assets if disaster is prolonged and you run out of funds.

Having cash in the bank, available credit, and assets that can quickly be turned into cash are the best insurance a solopreneur can have.

**An emergency fund** is central to your survival. This means setting aside enough money to take care of immediate expenses if you become disabled. Collecting on insurance policies takes time, and you need to pay the bills. There are various formulas used to calculate this number, starting from six months to a year of average income held in short-term certificates of deposit, or money market or savings accounts. The key is being able to access the money quickly and with minimal penalty.

If this money becomes exhausted, it's important to have a list of assets that can be liquidated to fund the business, and in what order. This is the very last resort because the timing can be disastrous. However, liquidating certain assets needs to be addressed along with other options for acquiring cash. Which assets get turned into cash to pay expenses and when, if you have limited cash in reserve? Your team needs to know what these are, and have the authority through power of attorney to liquidate them if necessary.

Your assets will likely include investments in stocks, mutual funds, bonds, or annuities. Many of us are dedicated do-it-yourself investors; but have you laid the groundwork in case you should become unable to manage your investments on our own? For example, are you working with a professional financial planner, and if so, is there a spouse or adult offspring who's financially savvy and could make investment decisions in your absence? Are they authorized to do so through a limited power of attorney? Bring all of this to the table now, while you're still able to make your wishes known.

## **YOUR RETIREMENT SAVINGS PLAN**

A retirement savings plan is like money in the bank. I include the importance of having a retirement savings plan for two reasons:

1. It should be part of every solopreneur's financial inventory.
2. If something unthinkable happens, it provides the business with financial assets you can tap into.

Here are some frightening facts about Americans' lack of preparation for retirement: In 2008, retirement investment accounts shrank by \$2 trillion. According to a Gallup Poll of May 15, 2013, the average nonretired American currently expects to retire at age 66, up from 60 in 1995. People are working longer because they haven't prepared for retirement. Some of this is fallout from

the Recession, but the fact remains that people *assumed* they would be set for life.

Scariest still, some 56 percent of American workers have not even calculated how much they will need when they retire, and 57 percent of retirees expect to rely on Social Security as a major source of income.

We're in a retirement crisis in this country. This puts many small businesses at risk, because retirement planning is such an important safety net. Self-employed people in particular need a retirement savings plan, and there are a number of options available. Never before in history have ordinary people been able to tap into the financial marketplace in such large numbers and with little or no entry fees. The important thing is to have a plan and stick with it.

The IRS Web site has an excellent summary of the various plans available for self-employed people. Go to <http://www.irs.gov/Retirement-Plans/Retirement-Plans-for-Self-Employed-People> to learn the rules and benefits of each plan. A SEP-IRA can be opened through a bank or other financial institution. The 401(k) is most commonly known, along with the SEP (self-employed employee pension).

A business of any size can open a SEP-IRA, and it is widely considered the plan of choice for sole proprietors. There are many advantages for using this type of plan. You can open an account in any bank or brokerage; the fees are minimal, if at all; you can contribute up to 25 percent of net income up to a cap that keeps pace with inflation. A SEP's funding flexibility has great appeal, and one that swayed me to use it for my small business. You can wait until it's time to file your taxes to fund the plan, so if it was a good income year, you can contribute more and lower your taxes. If it was not a good year, you can scale back your contribution. Talk to your financial institution or broker if you're considering a SEP-IRA.<sup>1</sup>

There is also something called a one-participant 401(k) plan or Solo 401(k). The main advantage is you can make higher contributions, if your income level will support them. A Solo 401(k) can be opened at most of the popular brokerages, and with a wide range of investment options. And, while the high maximum contributions are advantageous to self-employed people with income and cash flow to afford them, there is no requirement for you to make any level of contributions per year; and you can even skip a year.

Compare this to a SEP-IRA in which contributions are a percentage of your income, which can be much lower in some years. The Roth IRA has some tax advantages and allows you to make greater contributions than the SEP-IRA, so that is something to consider if it fits your situation.

All of these plans have rules, like the ability to take loans, so you need to check with your financial adviser. Account fees as well as trading fees and

mutual fund fees may also apply. The important thing is to start saving for retirement now. Don't put it off any longer if you're serious about protecting your business. There are many reasons to have a retirement savings account, too many to cover here. I can only say it is one of the best investments you will ever make, and it is often passed over—thinking the future will take care of itself, when in reality the future holds unexpected events.

Along with its other benefits, a retirement savings plan will provide an additional source of income during a crisis. In three major recessions, during which times cash flow became a real issue for my own small business, I was grateful to have an IRA that allowed me to borrow for a limited time without penalty. Without that assistance, I would have been forced to take out a bank loan, assuming I could get one. Having that buffer against my creditors was what I needed to stay afloat and maintain good credit.

Do not assume that other people will understand your accounting system. It needs to make sense. Therefore, take measures to use a recognized software program or a program of your own, so long as it is clear to others—including the IRS. Do not assume that because *you* understand some convoluted spreadsheet, someone else will. Put it up for scrutiny. Ask a person with expertise in these matters, and let that be your guide.

Whether you use an accounting software program or a customized practice of your own, it's important for it to be intelligible, ahead of any disruption. At the very least, it will help your financial team anticipate whether or not they'll be able to work within your system—or prepare to hire a temp with bookkeeping skills.

## CHOOSING A FINANCIAL ADVISER

Choosing a professional financial adviser requires extreme care. In general, entrepreneurs embrace self-reliance as a positive trait. You could say our country was built on self-reliance; but knowing how to choose a financial adviser can be an exception, despite lots of free and low-cost financial information available from various blogs, TV shows, and self-help books. Don't rely on advertisements, but rather your own research and referrals. A good financial adviser can guide you through economic highs and lows, which to many solopreneurs is a specialized activity. Self-reliance can only reach so far until we need professional help, especially in matters of finance.

So, how to choose? First you need to uncover whether your prospective financial adviser is dedicated to your best interests and worthy of your trust. Check his or her licensing and fees, and whether or not the adviser has the resources to meet your needs. These would include trained specialists in many

fields (such as tax strategies, insurance, and estate planning), portfolios that follow the science of investing, and access to alternative investments. Some advisers provide comprehensive financial planning services above and beyond investment management. Decide what you need, and stick with that.

Depending on the type of adviser you choose, he or she may be bound by either fiduciary or suitability standards. There is ample information about these important standards on the Internet, but I will explain them briefly.

**The fiduciary standard** basically charges advisers with *putting their clients' best interest ahead of their own*. For instance, faced with two identical products but with different fees, an adviser under the fiduciary standard would be obliged to recommend the one with the least cost to the client, even if it meant fewer dollars in the company's coffers and his or her own pocket. When operating with fiduciary responsibility, the adviser is legally required to act in a client's best interest.

**The suitability standard** gives advisers the most autonomy: it simply requires that investments must fit clients' investing objectives, time horizon, and experience. By comparison, *suitability responsibility* means that the adviser is legally required to make recommendations that are "suitable" for a client's objectives.

There is a big difference between the two, so when choosing a financial adviser, pay attention to the regulations surrounding these standards. It sounds complicated, but it essentially refers to the guidelines that spell out the obligations financial services professionals have for their clients.

The majority of financial services providers are not trying to rip people off. But it's hard for average investors to know which type of adviser is held to what type of standard—suitability or fiduciary—and unfortunately, many investors can't make the distinction. Studies have shown that individual investors don't know who is a fiduciary or what a fiduciary actually is. Until I did some research, I was one of them. There's an easy way for you to find out an adviser's level of accountability. Ask one simple question: Are you acting under the fiduciary standard, and will you put that in writing?

## INSURANCE AS A SAFETY NET

Business insurance is an integral part of your financial strategy, and one that is often underestimated or ignored. The financial stability of your business will trickle down to those who are left to manage in the event of a crisis, and the more financial capacity you've provided, the quicker the business can recover. We tend to disregard business insurance as a financial safety net, but it can be a life-saver in times of crisis. I will present a few of your options,

simply stated. Meet with your insurance agent to get the bigger picture and determine what fits your needs and budget.

**Individual life insurance** provides coverage for a business owner's family. What makes it important is a defense against a distressed sale. Many small-business owners take out loans using their personal assets as collateral. When the business owner dies, the surviving family must sell the business to cover the loan obligations and the business might be sold for significantly less than its worth. An individual life insurance policy on the business owner for an amount equal to the obligations defends against this type of situation.

**Disability insurance** provides personal income protection, with a percentage of pre-disability income. For entrepreneurs who do not declare an income per se, it can be complicated and potentially expensive, but certainly worth discussing with your insurance agent.

**Key person insurance** is simply a life insurance policy on the key person in the business. The business is the beneficiary of the policy, and if that key person should die unexpectedly, the company receives the insurance payment. The purpose of key person insurance is to help the business survive the loss of the person who makes the business work.

**Business interruption insurance** is also known as business income insurance. It covers the loss of business income after a disaster, typically a physical disaster to the operating facility, which renders it inoperable. It could be a burst pipe that floods the office, a fire, theft, accidental damage to equipment, or any number of things. These tend to be provisions that are part of property insurance; but a property insurance policy only covers the physical damage to the business, while the additional coverage allotted by the business interruption policy covers the profits that would have been earned, had no loss occurred.

**Internet liability insurance or cyber insurance** helps protect your business from unlawful use of copyrighted content by your competitors, and also protects you from potential lawsuits if you unwittingly use copyrighted material or photographs on your Web site. Anyone using a Web site for e-commerce or advertising will have the same exposure as publishers.

In our electronic environment, businesses that depend upon Web trade or are involved in software development for others should be especially careful. Not only is your company liable if you accidentally transmit a virus or harmful application to users, but you can also be sued for failing to prevent the spreading of malicious software—even if it is done by a hacker.

**General liability insurance** can cover as many risks as the insurer agrees to cover. Product liability can be written to match specific product risks. Professional malpractice insurance, for example, is a form of liability insurance that protects against claims of negligence resulting in any kind of personal injury.

**Workman's compensation insurance** covers payments to employees who have been injured on the job. Workman's comp insurance is covered by state statutes. A business faces stiff penalties without it, and an injured worker could quickly put you out of business. The cost varies depending on your market of coverage, and there are rates for each specific type of employment. Talk to your insurance agent or the State Department of Insurance in which you reside to learn more.

A **buy-sell agreement (and Partnership)** is a binding agreement that governs what would happen if a co-owner dies, and typically includes an insurance component that will provide a source of income for the remaining partner, and funding for the business. It is sometimes referred to as a "business will." Funding the agreement with a small-business life insurance policy, to the current value of your business, is the cheapest way to go.

Without a buy-sell agreement, upon the disability or death of the business owner, the business may be sold to pay surviving owners for their share of the business, for taxes, or for operating expenses. When properly executed and funded, a buy-sell agreement can be critical in helping to ensure continuation of your business. The agreement may state that the surviving partner will purchase the deceased partner's share at a predetermined price.

Insurance policies tend to be forgotten since the day they were purchased, and it's important to keep them up to date. Your business may have grown, and if your inventory was \$100,000 at the time of purchase and it is now \$500,000, you may not be fully covered. Also, be sure your coverage reflects current value for items like buildings, furniture, and fixtures.

Who manages the money tops all duties you will assign. Be methodical in the choices you make, and then train these people early and well before disaster strikes.

## NOTE

1. The information in this paragraph is from CNN Money, [www.cnn.com](http://www.cnn.com).

## CHAPTER 7

# Getting Visual

## Visual Aids as a Tool for Managing Change

Logic will get you from A to B. Imagination will take you everywhere.

—Albert Einstein

**V**isual aids are a powerful communication tool. Every workshop or presentation I've attended has had some kind of visual aid to help the audience understand what the speaker was trying to say. It might have been a PowerPoint or slide presentation, hand-outs, video clips, or any number of things. Without visuals, the presentation would be language only, which makes word choice all the more critical. Language can be misinterpreted; a picture less so. Visuals not only add interest; they promote clarity.

Everything has a visual aspect first. How many times have you *imagined* something from different angles before grasping the big picture? It's impossible to estimate how often this occurs during the course of an hour, because it happens spontaneously and without conscious effort. Thoughts come in short bursts as ideas, and then gain in complexity. These new ideas can simmer in the rich soil of your imagination, sending out more thoughts, like a tree spreading its branches toward the sun. It *is* something of a miracle, how a vision develops and becomes real. It's visceral, intuitive, and yet highly structured—which is the nature of the human brain.

This is how your emergency plan will evolve. How many times have you wondered, if only for a fleeting moment, if there was a piece missing from

your business plan? This may be your subconscious saying *you need an emergency plan*. Listen to that voice. It could have life-saving consequences.

Visuals will provide help in developing your emergency plan, and in the understanding of your plan by other people. Illustration is a universal language, and can be an influential means of communication in business; but first you need to go beyond thinking you're not the creative type, or you don't have a mind for such things. Once you realize that's so much nonsense, you'll be on your way to a valuable new way of communicating visually.

## RIGHT BRAIN, LEFT BRAIN—FACT OR FICTION?

People often say they tend to be more of a right-brain or left-brain thinker. You've probably heard that phrase mentioned numerous times, or maybe taken a test to determine which type best describes how your process information. Given the popularity of the idea of "right-brain or left-brain" dominance, it might surprise you to learn this idea may be little more than a myth.

According to the theory, each side of the brain controls different types of thinking. Additionally, people are said to prefer one type of thinking over the other. For example, a person who is "left-brained" is often said to be more logical, analytical, and objective; while a person who is "right-brained" is more intuitive, thoughtful, and subjective.

More recent science has shown that the brain is not nearly as contradictory or divisive as once thought. Today, neuroscientists know that the two sides of the brain *work together* to perform a wide variety of tasks and that the two hemispheres communicate with each other. And yet, the idea persists!

**Right brain.** According to the dominance theory, the right side of your brain is best at expressive and creative tasks. Some of the abilities that are popularly associated with the right side of the brain include:

- Recognizing faces
- Expressing emotions
- Experiencing music
- Reading emotions
- Reacting to color
- Responding to images
- Intuition
- Creativity

**Left brain.** The left side of the brain is considered to be adept at tasks that involve logic, language, and analytical thinking. The left brain is often described as being better at:

- Language
- Logic
- Critical thinking
- Numbers
- Reasoning

You may think I'm wandering into "Never Never Land," so here's my point. While right-brain, left-brain dominance has been generalized and overstated by popular psychology, tapping into your unique strengths can help you develop better ways of expressing yourself. For example, if you're more comfortable with language, writing things down is the way to go. If you think more in terms of images, then communicating via images is your thing. If you're comfortable in both worlds that's even better, because you have more options (or, at least it feels that way).

On the other hand, it never hurts to leave your comfort zone and try something new. We can get stuck in old ways without giving them much thought, until we're motivated by circumstance. Before I experienced a sudden health crisis, I'd never considered making the flow of my business easy for others to understand. I had a successful business. I knew every aspect of the business. I knew my craft; I knew my customers and suppliers. I had a business plan. Then, in a flash, everything changed and it taught me there were things I did not do well at all—like adding more quality people to my inner circle, people who would be there for me during a critical time. No man or woman is an island, and solopreneurs tend to forget that because we're basically control freaks.

My number-one mistake was assuming everything was under control because I was in control (or so I thought). I did not envision anything happening to me that would change my assumptions. A corrected vision was about to occur. When a sudden illness left me unable to cope, the error of my ways became evident. I was a disaster waiting to happen.

The idea for an emergency plan began with a terrible headache, but was followed by a clear vision in my mind's eye. I visualized a black, three-ring binder entitled, "Emergency Plan" that would hold a series of instructions for a person I would assign to step in and perform certain fundamental tasks, like: turn on the computer; inform my clients, suppliers, and other important

people of the situation; open the mail; pay the bills, and so on. The list grew and grew.

I started drawing little boxes with titles and subtitles, and they became a flow chart. Now I could see that a series of steps had to be performed in a particular order if the system was going to work. I let my ideas simmer but kept adding more ingredients and more boxes. This became my internal process and one I could not share with the world until it was made right. Sharing my vision would come later, after the work was done.

This same process will evolve for you. Your vision will take you on a journey you hadn't anticipated when you wrote your business plan. An emergency backup plan to save your business from disaster is a primary focus now. How you share that vision with the people who will manage your business during a crisis will depend on how well you communicate—and to do this well, you'll need to use every tool at your disposal. Using visuals will utilize both sides of your brain because they can trigger logical and intuitive, creative and linear, applications. Visuals are very efficient, and offer greater clarity than written or even spoken instructions—which can be forgotten. Once you've started using them, you'll see flow charts everywhere—even in your dreams.

You will have a much greater level of success doing what comes naturally, and that includes how you organize material before presenting it to your team. Whether you're a right brain or left, getting visual will offer a more direct path to clarity.

## MODELING AS A VISUAL AID

The traditional approach for entrepreneurs during start-up and well into maturity has been the business plan. While it remains a standard tool for defining all aspects of the business, and for obtaining financing, it's being questioned as the Holy Grail in today's rapidly changing world.

A second approach has emerged, called *Modeling*, or the *Business Model*. Rather than spending countless hours perfecting every detail of a formal business plan, this approach recommends that you first develop a visual representation of the business model on a whiteboard. Modeling takes advantage of how a real business morphs and changes due to the realities of market conditions, and is best done at intervals like quarterly, or whenever there is substantial movement.

I mention it here because it's an excellent way to clearly describe the business to those who will assume its management during an emergency. Modeling serves a dual purpose. First, it can presuppose and then direct the formal

business plan. Second, because modeling is so visual, it's much easier for others to understand than a complex business plan—especially when time is critical. A business model and business plan go hand in hand, and I believe in having both. During an emergency, modeling is a clear method of describing the mechanics your business to those who'll need it.

## **THE ORGANIZATIONAL OR FLOW CHART**

These are highly effective tools in communicating the flow of information within your assigned group. An organizational chart will define responsibilities, dependencies, and lines of authority and organize teams and titles in a clear, concise way. This will be an invaluable means of understanding each person's role.

Organizational or flow charts provide value as a framework for managing change and communicating structure. They're an excellent way to organize your vision of the business for yourself and others.

Visuals can bring ideas to life in the most concise way, and actually help clarify them. Flow charts will help you focus on the main thing without wandering off-track. Titles and subtitles create a web of information that will help your team understand the important details of their roles during an emergency.

Create your own flow charts by using various tools; some simple draw tools are already on your computer. Find them by doing a search for “organizational chart” or “flow chart.” There is abundant software available and much of it free, so do an Internet search for ideas that suit your business. Flow charts are highly fluid, and a very good way to brainstorm visually. It's also a great method for organizing material for a presentation or piece of writing. An organizational chart is flexible and will serve a variety of needs. Once you're adept at making ideas more coherent, watch them come to life. You'll be in your element if you're the creative type; but for someone who thrives more on structure and organization, visuals can become a central business tool.

In Summary. For a clear, collaborative process during an emergency, visual aids will help your team to quickly understand their individual roles first, and then how they connect with each other. Getting visual will serve you well as a planning tool, team-building exercise, and ultimately a life-saving practice.



## CHAPTER 8

# Backing Up Your Data

## Build a Fail-Save System *before* It's Needed

The best time to plant an oak tree was 25 years ago.  
But the second best time is today.

—Chinese Proverb

**W**e can't always prevent bad things from happening, but we can take preventative measures to keep them from ruining us. Complacency can be your worst enemy, as the following story illustrates.

*A Manhattan-based investment firm thought it had a good disaster preparedness plan simply by archiving important data on tape drives. They believed it was safe; after all, it had been done this way forever without incident. And, the system had cost benefits. What they hadn't anticipated was an event that turned into disaster—and eventually shut the business down. The tapes were stored onsite, and when a water main burst and flooded the area where the data tapes were stored, the firm lost everything.*

Consider another scenario, and this time it involves *you*. An unexpected crisis has suddenly removed you from the business, either physically, mentally, or both. Everything you value is left in the hands of other people. What if there's a security breach on their watch? Have you taken care to protect sensitive information and other valuables, so they will not be compromised, lost, or stolen?

The Internet is full of dangerous people trying to take control of your information; and don't forget the thieves who prowl business parks and

homes in an attempt to steal computers and other physical valuables. Become aware of the holes in your armor, and take action to shield your business from such blatant thievery.

How safe *are* you? What have you done so far to protect your business from a sudden loss of information through theft, a virus, or a system collapse?

Do you know what to do in the event of a computer crash? This frightening episode is usually caused by an error in your computer, but it can also be the result of a virus. Educate yourself, and then teach your backup team how to handle technical issues during a crisis.

If your team experiences technical difficulties as a result of a *computer problem*, they may need outside help. Write the phone number of your computer manufacturer's tech support and tape it to the side of your computer. If your team experiences technical difficulties as a result of a *virus*, it is a technical process that will require some expertise. Leave the name of a computer repair person you know and trust, who can clean out the virus.

Your backup plan must provide your backup team with a SECURE system that will keep avoidable disasters from falling on their shoulders. They will need every ounce of time and energy to manage your business—without the disruption caused by a security failure.

If you've ever had a *computer virus*, you know the sinking feeling that criminals may have access to your most sensitive information. It's bad enough to feel violated and fearful of identity theft; add to that the tremendous loss of time it takes to fix the resultant problems. During a worst-case scenario in which a virus has attached itself to your computers, or if a system failure caused you to lose data, it will fall upon your team to:

- Tell your clients their information might be compromised.
- Notify your banks and financial institutions, and instruct them to close your accounts.
- Notify your credit card companies (and hope no one has racked up thousands of dollars in unauthorized charges in a matter of minutes).
- Change all the passwords of all your accounts.
- Hire a computer guru to clean the virus—if you still have a hard drive.
- Reinstall all computer programs and try to recapture any lost data.

The key is to provide help before it's needed. Empower your team with the information they will need to handle a potential loss of information or *system breakdown*. For example: suddenly your Internet connection is lost, or your server goes down.

- Do you know how long it will take before things are up and running again?
- Do you have an alternate source for Internet access and e-mail?
- Have you had a discussion with your Internet service provider about how to respond if your Internet connection is lost, or your server goes down? Have you written it down as a series of steps and put them next to your computer?
- What if your computer dies and takes with it information needed to run the business? Do you have some kind of file retrieval system?
- Do you have offline file storage in the form of a portable hard disk or flash drives stored in another location, and if so, where?
- Do you have a secondary computer or laptop, and is it equipped with good virus protection?

During any breach of security or data loss, there will be down time while your team is scrambling to fix the problems and restore your company to its former self. Therefore it's essential to have an *information backup system* firmly in place ahead of time, so they can keep things running smoothly without long and costly delays. It's just one more thing to go wrong, and can throw an already delicate situation into a tailspin.

Your emergency plan should provide prompt recovery from sudden information loss. It can be as simple as backing up your files onto a computer backup device, such as an external hard drive, or using a remote server or on-line cloud storage program that backs up your files automatically. Most experts agree that storing information outside of your computer is the best course of action. Now if your computer is stolen or compromised, your data will be safe.

## BACK UP YOUR DATA

An **external hard drive** is a small storage device that plugs into your computer to back up your data, and can be stored somewhere else. It protects your information, and also allows you to avoid “clogging up” your computer with large amounts of files, music, photos, and other media. An external hard drive is a good thing to have in any event—as one more safeguard.

By definition, **cloud computing** is the use of hardware and software that are delivered as a service over the Internet. The general idea of the “cloud” is to store your media on the Internet so you can access it from any device, anywhere, as opposed to leaving it on a hard drive which is not nearly so accessible.

Cloud computing can be described as an off-site storage service. End users access “cloud-based” applications through a Web browser or mobile app

while the software and data of their business are stored on remote servers. The name “cloud” comes from a cloud-shaped symbol that contains the many complex elements that form this service. You can think of it as information being stored “outside in the clouds” rather than inside your computer.

There are a number of cloud programs available, and they vary in cost, depending on their range of services and recovery time. Some are free, such as Dropbox that has a large following of users. Do some research and ask your network of business associates what companies they use. Then call each one with a list of questions.

If you are not willing to pay for online (cloud) storage, use an external hard drive. You can also copy some of the more important documents onto a flash drive, DVD, or CD and store it in a safety deposit box. Remember to update your files daily, or at least weekly.

**In Summary:** It’s important to do everything you can to protect your information now, before a crisis:

- Know your equipment, and if it’s behaving normally.
- Back up your company information with a flash drive or external hard drive. Keep a copy off-site. Provide the location to your team.
- Consider using cloud storage. Tape the name of the service provider to your computer, with contact number and password.
- Test recovery of your data from time to time. Know how long it will take to retrieve your data. Discuss this with your online storage company.
- Have a conversation with your Internet service provider and know what to do in the event of a lost connection.
- Let your team know how to retrieve your company’s data.
- Have a secondary computer in case one goes down.
- Be sure your antivirus software is up to date on *all computers*.
- Set up a routine for backing up your data and put it on your calendar.

Having good antivirus protection, doing regular security updates, and performing regular and consistent backups will go a long way in avoiding the pain of lost data.

## Hacking Is on the Rise

*On August 5, 2014, it was reported that 1.2 billion user names and passwords were stolen in a series of 420,000 Internet heists including small Web sites and household names—the largest in history. It was also estimated that some 500 million e-mail addresses were stolen for use in future heists. The criminals were*

*thought to be stationed in Russia, where cyber crime is a major enterprise. The break-ins raise doubts about the security measures that both large and small companies use to protect their information online.*

Security experts believe hackers will continue breaking into computer networks unless companies become more vigilant and embrace a sense of urgency. Even small online accounts are vulnerable and open the door to someone stealing your information. All experts advise changing passwords frequently and never using the same password twice. This has probably been drummed into your head, but I've spoken to many solopreneurs who admit they let this slip because they're *just too busy*. If you are that busy, consider using one of the password manager programs that will do it for you.

## **SAFEGUARDING VALUABLE ITEMS**

On November 17, 2013, powerful tornadoes swept the Midwest with unprecedented force. From Oklahoma to Indiana, Missouri, Michigan, Ohio, and Illinois, a total of 40 tornadoes with winds up to 200 mph cut across at least seven states during a violent four-hour stretch. President Barack Obama approved disaster funding for 15 counties in Illinois.

While the National Weather Service did issue warnings that saved countless lives, nothing could have saved the hundreds of homes and businesses from the fury of these monster twisters. Washington, Illinois, was by far one of the hardest-hit towns with over 500 homes completely destroyed.

*One homeowner recalled running to her basement on Sunday with four of her children as the tornado rushed in. After the storms had passed, she carried plastic containers toward what was left of her house, hoping the police would let her fill them. There were many horrific stories, but what struck me most were those in which people lost their most treasured personal items; things that could never be replaced. One story in particular was told by a woman who lost a box of three letters. These letters were written by her brother as he died of cancer. He wanted each of his children to receive these letters at certain times in their lives, and he gave them to her for safekeeping. She said that losing her home, although terrible, was less important to her than those three letters.*

If there are items of great value to you or your business, find a place to keep them that's safe and secure. Natural disasters aren't the only threat. There can be a robbery, a burst pipe could flood your office, or a sudden illness might cause you to forget where you put things. Any number of crises can happen every day. Guard against tragedy by protecting items that could be irreplaceable.

## BANK SAFE DEPOSIT BOX OR FIREPROOF SAFE?

A **bank safe deposit box** is one option. Many believe the safest place to store valuable items is in a bank safe-deposit box. After all, banks have the best 24-hour security and alarm systems; and a bank vault is one of the most secure places in the event of a fire, tornado, hurricane, or other natural disaster. There are drawbacks, however. The contents of a safe deposit box are rarely insured, while items in your home are typically covered by your homeowner's or renter's insurance policy. With regard to cash, a safe deposit box is not covered under FDIC insurance.<sup>1</sup>

The FDIC only insures the deposits held in bank accounts, and not the contents of their safe deposit boxes.

A bank safe deposit box is *not* a good place to store original copies of documents that require *immediate access*, such as passports, spare keys, health care directives, wills, or power of attorney. Bank safe deposit boxes are only accessible during branch operating hours, and the boxes are typically sealed when the bank receives a death notice. To open a sealed safe deposit box, depending upon the laws of your state, estate representatives may be required to provide court papers to the bank.

What items should go into a bank safe deposit box? According to the FDIC, any personal items that would cause you to say, "If I lose this, I'm in deep trouble," should be placed in a safe deposit box. Important papers to consider putting into your box: originals of your insurance policies (except for property insurance, which you could need right away to file a claim); family records such as birth, marriage, and death certificates; original deeds, titles, mortgages, leases, and other contracts; stocks, bonds, and certificates of deposit. Other valuables worthy of a spot in your safe deposit box include special jewels, medals, rare stamps and other collectibles, negatives for irreplaceable photos, and videos or pictures of your home's contents for insurance purposes (in case of theft or damage).

State laws differ on who is authorized to access your safe deposit box. That's why you should check with a bank official to find out what is required under state law and your bank's own policies in the event of an emergency or death.

A **fireproof safe** is another way to protect items of value. What should you keep in it? Many of the same items you would keep in a bank safe deposit box, but without the bank access rules. Some of these may seem repetitive, but if you use a fireproof safe, you have the advantage of more frequent access.

1. Original insurance policies, including property insurance and agent contact information.

2. Passports and original birth certificates. These can be a hassle to replace and will establish identity.
3. A list of family doctors, prescription medications, and contact information for all pharmacies you use. You may need these to get new supplies of medications you use on a regular basis, in case you become ill or incapacitated.
4. CDs or an external hard drive containing digital copies of your equipment, furniture, antiques, or artwork, which will serve as an inventory for your insurance claim if they need to be replaced. It's a good idea to scan treasured letters and family photos and keep a digital copy of them as well.
5. Safe deposit box keys and a list of items stored there. If you also use a bank safe deposit box, you'll want to make sure you keep the keys in a safe place.
6. Important papers related to investments, retirement plans, bank accounts, and associated contact information.
7. Information on your major outstanding debts, due dates, and contact information. It's important to keep tabs on your finances and protect your credit during an emergency.
8. Original Social Security cards. These can take time to replace, and are required to establish eligibility for benefits.
9. Copies of your important legal documents, including powers of attorney, living wills, and health care proxies—both for yourself and for anyone else for whom you are designated attorney-in-fact or health care proxy. Having access to these can help ensure the protection they were created to provide.
10. Copy of wills and all wills in which you are designated the executor. It's important to have access to these, as safe deposit boxes are typically sealed upon notification of the box owner's death.
11. Valuables: jewelry, coins, and other valuables, and some cash. You'll want access to your valuables from time to time, and have some cash for ready access during an emergency, or anytime you need it very quickly.
12. Spare keys and titles to all vehicles. It helps to know where copies are, for when you'll need them.

Be sure someone on your team has access to both your bank safe deposit box, and your fireproof safe. Of course, exactly what you choose to store in your fireproof safe will depend on your personal circumstances. The size and location of the safe is a financial and logistical question that will need to be

addressed. Your backup team needs to know the details, so you must provide the following:

**For your bank safe deposit box:**

- The bank's name and address
- List of all items kept in your safe deposit box
- Name of the person authorized to open the safe deposit box

**For your fireproof safe:**

- Location of the safe
- List of all items kept in your fireproof safe
- Where you keep the key, and who is authorized to use it

Remember, you're the one responsible for keeping information safe. Storage is cheap; losing it is costly.

**NOTE**

1. "The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States Government that protects the funds depositors place in banks and savings associations. FDIC insurance is backed by the full faith and credit of the United States Government. FDIC covers checking accounts, savings accounts, money market accounts and certificates of deposit up to \$250,000 per depositor, per insured bank, for each account ownership category. It does not cover mutual funds, life insurance, annuities or securities" ([www.FDIC.gov](http://www.FDIC.gov)).

## CHAPTER 9

# Keeping the Business Safe

## Scammers, Hackers, and Identity Thieves—How to Stop Them

Even if you are on the right track, you will get run over if you just sit there.

—Will Rogers

**W**e live in a global world where cyber crime, identity theft, and Internet scams have added a whole new aspect to keeping businesses safe.

*On August 5, 2014, the Charlotte Observer reported: “Area P.F. Chang’s affected by data breach. The Asian themed restaurant chain announced the breach last month after it was alerted by the U.S. Secret Service. On Monday it released the locations of 33 affected restaurants. Credit card and debit card numbers, the card holder’s name and the cards expiration date might have been stolen at the 33 sites. P.F. Chang’s said the breach has been contained and is investigating the incident. The restaurant chain encouraged customers who might have been affected to monitor their accounts and report fraudulent activity.”*

We’re seeing stories like this every day throughout the news media. The only difference is the names and the companies who fall victim to cyber crime.

The Internet is prowled by disreputable people who want to get your financial information and sell it on the black market. The streets are full of thugs whose mission is to steal information in any way they can get it. It’s big business, and on a scale more massive than anything we’ve seen in the past. Small and medium-sized businesses are prime targets because they don’t have expensive security systems. Solopreneurs are especially vulnerable

because we don't employ expensive IT (information technology) departments. Therefore, every precaution must be taken to keep abreast of the latest methods criminals use, and to defend against them.

It is currently estimated that one in five businesses will experience cyber crime and 60 percent will go out of business in six months as a result. Why? Because it is very expensive to recover.

*This story concerns the head office of a major bank, and an explosion that littered the streets with papers containing confidential customer information. The bank had to deal with a breach of confidentiality, as well as the bad publicity that followed. To make matters worse (remember Murphy's Law) the explosion occurred on a non-business day, so there were no bank personnel around who could at least take corrective action to limit the extent of the damage. This was one area that had not been considered in an otherwise exemplary disaster recovery plan.*

Shift to the small-business owner who has not taken time to dispose of confidential papers in a safe manner, and unwittingly deposits them in the recycle bin. This is much like scattering sensitive information on the street. Thieves are out there dumpster diving to steal information they can use to ruin your business: financial statements, Social Security records, credit card accounts, state and federal tax records, and the list goes on. Invest in a high-quality shredder and use it! Instruct your team to use it. Don't let confidential papers leave your office for the dumpster without being shredded. Safeguard your identity in every way you can.

## WHAT IS A SCAM?

*Hello, I'm calling from your mortgage company and I can see from your records that you qualify for a lower rate. I just need to verify your Social Security number and bank account numbers to be sure they match our records.*

A scam is a "con" to get you to reveal information that could empty your bank account.

On November 2014, the IRS Web Site issued a warning: *Most Recent Scams Alert from the IRS: Impersonation Telephone Scam*

*An aggressive and sophisticated phone scam targeting taxpayers, including recent immigrants, has been making the rounds throughout the country. Callers claim to be employees of the IRS, but are not. These con artists can sound convincing when they call. They use fake names and bogus IRS identification badge numbers. They may know a lot about their targets, and they usually alter the caller ID to make it look like the IRS is calling.*

*Victims are told they owe money to the IRS and it must be paid promptly through a pre-loaded debit card or wire transfer. If the victim refuses to cooperate, they are then threatened with arrest, deportation or suspension of a business or driver's license. In many cases, the caller becomes hostile and insulting.*

*Or, victims may be told they have a refund due to try to trick them into sharing private information. If the phone isn't answered, the scammers often leave an "urgent" callback request.*

*Note that the IRS will never: 1) call to demand immediate payment, nor will the agency call about taxes owed without first having mailed you a bill; 2) demand that you pay taxes without giving you the opportunity to question or appeal the amount they say you owe; 3) require you to use a specific payment method for your taxes, such as a prepaid debit card; 4) ask for credit or debit card numbers over the phone; or 5) threaten to bring in local police or other law-enforcement groups to have you arrested for not paying. (<http://www.irs.gov/uac/Tax-Scams-Consumer-Alerts>)*

This scam is based entirely on fear. I was amazed to learn how many people fell for it, even people we would classify as "prominent professionals," lost thousands of dollars to the scammers. Victims came forward, if not with some embarrassment, because they wanted to prevent this from happening to others. It was a brave act of humility to admit they were duped, but they helped spread the word about this particular scam.

## IDENTITY THEFT

Identity theft is a growing menace that costs small businesses billions of dollars every year. It is another form of stealing in which someone pretends to be you, typically in order to access resources or obtain credit and other benefits. The victim of identity theft can suffer dire consequences if they are held accountable for the perpetrator's actions. Identity theft occurs when someone uses another's personal identification information, like their name, driver's license, Social Security or credit card number without their permission, for the purpose of committing fraud or other crimes.

The thief uses the victim's identification numbers to open new accounts for his or her own financial gain, to apply for loans, to obtain credit fraudulently from banks and retailers, to receive medical care, or to steal money from bank accounts.

*In a widely publicized account, Michelle Brown was the victim of one of the worst cases of identity fraud in this country, which prompted a 2004 documentary made for television entitled, Identity Theft: The Michelle Brown Story.*

*The essence of the case is that from January 1998 through July 1999, one individual impersonated Ms. Brown to procure over \$50,000 in goods and services. It's a dark story that left many people wondering how something like this could ever happen.*

Identity theft has become highly sophisticated in recent years, and a growing form of big business that has surpassed all the organized crime targets of the past. Gangs of identity thieves roam the streets of our country, and exist for one purpose: to steal information for profit. Identity thieves typically obtain and exploit personally identifiable information about individuals, in order to impersonate them.

## **HACKING**

Identity thieves attack by stealing information that has been carelessly handled, or left unprotected. A hacker typically looks for weaknesses in a computer or computer network, for the purpose of stealing personal information by using breaches in browser security, or spyware. Pharming is a lesser-known form of theft that happens when a hacker tampers with a Web site host file or domain name system so that URL (Uniform Resource Locator) address requests are rerouted to a fake or spoofed Web site created by the hacker to capture personal identifying information from victims. The victim then thinks that they are on a trusted Web site, and are more willing to enter their personal information, such as credit card numbers, Social Security numbers, and addresses. The hacker then uses that information to commit identity theft.

The Better Business Bureau has this to say about fraudulent Web sites: "By using widely available tools which can easily copy or recreate digital graphics, a computer-literate cyberspace crook can build a website that looks strikingly similar to that of a legitimate online business. This bogus Web site can lure unsuspecting online consumers into various online scams."<sup>1</sup>

## **WAYS TO AVOID DECEPTION BY A FRAUDULENT WEB SITE**

You can verify the URL. URLs contain the information you need for your Internet browser to properly link you to a particular Web site. URLs are like street addresses. Just as every house has its own address, every Web page has its own address too. Cyberspace crooks cannot duplicate a legitimate company's URL exactly, but they can come very close. To specifically check for the exact URL of an online business, visit [www.whois.net](http://www.whois.net). From this public

information site you should type in the Web site URL of the company you're checking where it says "Please Enter Domain Name or Key Word Here." If the URL is in use, it will show who has registered it and the actual physical address of the company. Additional information such as contact name, phone number, and fax numbers may also be available.

There are also the fake e-mails that appear to represent a trusted company, but are really forgeries. The perpetrators want you to click on an attachment, usually a PDF, and at that moment they have instant access to your most valuable information. I personally experienced one occasion where an e-mail representing itself as UPS (United Parcel Service; complete with logo and looking like the real thing) instructed me to click on the attachment for a delivery notice. I thought it strange because I was not expecting anything, so I called UPS. They had no record of any such delivery.

## HACKING IS EPIDEMIC—SO TAKE CARE

**Cryptolocker** is a **Ransomware Trojan** that attacks computers running Microsoft Windows. It is a particularly virulent malware that operates by scrambling your material, and unscrambling it by using a key for which you pay a ransom. It comes as a PDF attachment in an e-mail, representing itself as FedEx, UPS, Amazon, and other legitimate businesses. Once the attachment is opened, it encrypts anything attached to your equipment. The cyber criminals have been getting large ransoms from businesses in exchange for the key to retrieve their data, and the ransom amounts can be in the double digit thousands, enough to put a small business out of business.

*Pat is a solopreneur who manages to run three small businesses—and she depends on the Internet, e-mail, and social networking to communicate with her clients. She bought a new laptop computer that would augment her business with more features, and she also purchased virus protection from the retail store as part of the package. A few weeks later, on New Year's day 2015, she could not get into her Yahoo account.*

*"My screen was acting strangely, and as I kept trying to get on, a 'technical support screen' popped up. I assumed it was my anti-virus provider and there had been a security breach of some kind. I didn't suspect anything irregular at that moment."*

*Not knowing she was being hacked, she started an online chat with the perpetrator. The replies were phrased oddly so she elected to call the number provided.*

*"Someone with a foreign accent took over my computer, showed me these fake scans and said he was removing all the errors. Then an invoice popped up."*

*“When I questioned him about a fee he said, ‘of course I will charge you—I’ve already done the work.’ When I refused he said if I didn’t pay I would lose my hard drive. I was on to him now. When he saw that I wasn’t going to budge he did some more things with my computer, and suddenly I was looking at my own image on the screen. I quickly shut the computer down.”*

*Pat called Yahoo, and explained what had happened. It seems the hackers were also trying to hack Yahoo but were blocked at the same time this was going on. It was good that Pat shut her computer down quickly, and took follow-up action. Fortunately, Yahoo was able to provide assistance in restoring her computer through one of their tech vendors. It still cost her some money for that service, but at least she did not lose her hard drive—and her bank confirmed there had been no suspicious activity.*

*Pat also learned the hackers turned their camera on her for the purpose of making fake IDs.*

*Through the experience, Pat determined where she’d been vulnerable and has taken steps to “tighten up” her security and monitor more closely how she uses the Internet, especially social networking. A solo business has few resources, and everything to lose in circumstances like this one. Pat could easily have fallen victim to a malicious Ransomware, wiping out her hard drive and her bank account. She considers herself lucky.*

It’s estimated that some 250,000 businesses have been attacked using this nasty malware. Look for signs of bad grammar or spelling, which is always a dead giveaway. Some of these imposters are operating in foreign countries, and language elements can provide additional clues. If you can’t understand what they’re saying, it’s probably a hacker.

**Watering hole attack** occurs when an attacker targets a specific organization, industry, or region and observes which Web sites the group often uses. It then infects one or more of these Web sites, and eventually some member of the group (the most vulnerable) will get infected.

In December of 2013, Target, one of the country’s largest retailers had a security breach during which an estimated 70 million customers had their personal information stolen. A joint report from the U.S. Secret Service and a cyber security intelligence firm referred to the malware used for Target as a new variant of the Kaptoxa malware (means “potato” in Russian and also the slang word for stolen cards in digital underground forums). The FBI revealed it had discovered about 20 point-of-sale malware attacks on retailers during that year, using several kinds of malware including Kaptoxa. The current estimate is around 170 million pieces of malware are floating around the Internet today, and the numbers are growing rapidly.

No business is immune, even those with large IT departments, because the hackers are getting more and more sophisticated. One of the reasons why small businesses, and solopreneurs in particular, are an even greater target for cyber criminals is because they often combine both business and personal accounts, and do not employ a dedicated IT department to monitor their on-line operations. Solopreneurs face significant financial losses in the event of fraud. It is both a costly nightmare and emotional heartache when it occurs. A single, unresolved case of identity theft can last a lifetime.

Know this: In the event of a corporate account takeover due to cyber crime, the banks are not liable . . . *you are*.

It is vitally important to protect your business from identity fraud, which becomes even more complicated if your survival team is victimized during your absence. Protect yourself and your team *now*. Identity theft could destroy your business, your credit, and your financial future.

Your backup team needs to be just as careful, when managing your affairs. It will be much easier for them if safeguards are already in place. Be sure your team is instructed in security measures, and that everyone knows how to respond if there's a breach.

Here are some guidelines to keep your business safe. You've seen many of them before, but it is a good idea to revisit your security practices. Although there is no magic bullet to protect your business from all predators, taking precautions such as these will be your best defense.

- Choose a bank that has the highest level of security available. Ask about their identity theft policies.
- Have good virus protection to safeguard against malicious software (malware) that steals your information. Some excellent programs are free.
- Monitor your credit report. By law you are allowed three reports per calendar year. Space them out, one every four months.
- Invest in a high-quality crosscut shredder. There are a number of companies that specialize in shredding documents for you. Find them on the Internet.
- Shred any documents containing your SSN and EIN numbers, unless those documents are locked up.
- Do not share your Social Security number with anyone, except when it is absolutely necessary. Do not carry your Social Security number in your wallet, in case it is stolen.
- Don't use your EIN or SSN number as a password.

- Use complex passwords. Use several. Change them frequently. Use a unique password for every system. Criminals can take a base password and change it around until they hit pay-dirt.
- Keep software, browser prompts, and plug-ins up to date.
- Encrypt sensitive e-mail.
- For social networking, think carefully about the information you use, and how it could be used against you.
- Cookies help your Web site with flow, but can store bad information. Clear them out weekly.
- Consider using a Web filtering program to block certain kinds of content.
- Use more than one browser.
- Use a Web security program for your Web site.
- Don't register your EIN number on any Web site, even when bidding on government contracts. Rather, set up a designated account with your bank solely for that purpose.
- Have a secure (U.S. Postal) mailbox. An insecure mailbox that receives your credit card and bank statements is inviting trouble.
- Empty your wallet of all but your driver's license and two credit cards. Leave your checkbook in a secure location in your office; do not carry it with you and risk having it stolen and the contents forged.
- Log off your computer at the end of the day; it's like leaving the door open.
- Leaving credit cards, checkbooks, or other sensitive information in a car or improper disposal of memory sticks and hard drives are invitations for thieves to do their work.

Tip: Visit SCORE at [www.score.org](http://www.score.org) and download its "Ten Step Security Checklist."

## **WAYS TO PROTECT YOUR BUSINESS FROM CREDIT CARD THIEVES**

Credit card scammers are becoming more and more inventive, which means you must be constantly on the alert.

- Only order from secure Web sites.
- Shred all documents with your credit card numbers, including receipts. If you must keep them, put them away.
- Pay cash in restaurants. Look closely at receipts.

- Read your credit card statements as soon as they arrive. Report fraud right away.
- Get credit reports and read them thoroughly for errors.
- Be sure your credit card companies offer fraud protection.
- Keep *all* financial information under lock and key.
- Carry only one or two credit cards with you and put the rest away.
- Read your credit card policies.

If you want someone on your team to have access to your credit cards during your absence, be very clear in stating what circumstances would warrant this, and then set the parameters. Call customer service at each credit card company and learn how to proceed in assigning its use to others.

“During 2001, ID theft was the number one consumer fraud complaint received by the FTC,” stated Timothy J. Muris, who was chairman of the Federal Trade Commission (FTC) from 2001 to 2004.

If you find that your identity has been stolen, through false use of your credit cards or anything else, the FTC urges you to contact the fraud departments of each of the three major credit bureaus and report the theft. They are:

- Equifax: 1.800.525.6285
- Experian: 1.888.397.3742
- Trans Union: 1.800.680.7289

1. Ask that a “fraud alert” be placed on your file so no new credit is granted without your approval.
2. For accounts that have been fraudulently accessed or opened, contact the security department of the appropriate creditor or financial institution. Close these accounts.
3. File a report with local police or the police where the identity theft took place. Get the report number, and a copy of the report in case the bank, credit card company, or your legal team will need proof of the crime later on.
4. Call the ID Theft Clearinghouse toll-free at 1.877.ID.THEFT (1.877.438.4338) to report the theft. The Identity Theft Hotline and the ID Theft Web site ([www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)) give you one place to report the theft to the federal government and receive counseling.

To file a complaint or to get free information on consumer issues, call toll-free, 1.877.FTC.HELP, or use the complaint form at [www.ftc.gov](http://www.ftc.gov). The FTC

enters all fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the United States and abroad.

Make the above information available to your backup team, in case identity theft occurs on their watch.

Congress can pass all the laws it wants to punish perpetrators, but once you're a victim, the results are for life. For every thief who goes to jail, there are two or more waiting in the wings. Cyber crime is a global menace that can shut your business down. An emergency involving cyber crime *can be prevented*, if you take proper precautions.

## PROTECTING PROPRIETARY INFORMATION

Taking measures to protect your business *and your team* against cyber crime is an important first step. Next, you need to protect proprietary information, like intellectual property. The people you choose to run the business in your absence will have access to your ideas, your clients, and other valuable information. The best protection you can have is to plan for the worst-case scenario, even if it appears remote.

**Intellectual property laws** protect the products of human intelligence and creation, such as copyrightable works, patented inventions, trademarks, and trade secrets. Although largely governed by federal law, state law also governs some aspects of intellectual property. These laws allow artists and inventors to protect themselves from infringement, or the unauthorized use and misuse of their creations. Trademarks and service marks protect distinguishing features (such as names or package designs) that are associated with particular products or services.

Your team can be innocent of leaking your intellectual property, but it's wise to do all you can to keep proprietary information from falling into the wrong hands. Use the laws at your disposal to protect yourself against unlawful use of your trade secrets and creations.

**Copyright** protects original works of authorship. Ideas and discoveries are not protected by copyright law, although the way in which they are written can be. Copyright infringement is when material under copyright is used without the author's permission, or without giving credit. Although work is protected the moment it's authored, and copyright registration is completely voluntary, it's the only sure way to protect works of authorship against infringement in a court of law.

**Trademark**, on the other hand, protects words, phrases, symbols, or designs and what distinguishes them from those of others.

A **noncompete clause or covenant** is another legal tool that will deter someone from doing your business on their own after finishing their assignment. It's an agreement in which one party (usually an employee) agrees not to pursue a similar profession in competition against another party (usually the employer). This clause is premised on the possibility that an employee might use proprietary information to start a similar business and gain competitive advantage. If you think this is an appropriate protection for your business, do some research, as states vary.

A **nondisclosure agreement (NDA)** is a legal contract that outlines confidential material, knowledge, or information. It is a contract through which the parties agree not to disclose information covered in the agreement. They are generally one way, where one party wants to keep information private.

There are several situations in which an NDA is appropriate. It is often used to protect a new product prior to licensing, a secret process, or technical information. If you think this is an appropriate protection for your business, do some research online or talk with an attorney.

These agreements are ways in which to safeguard your business when others, *including your backup team*, have access to sensitive information. It's a standard procedure to have the agreements signed by anyone who has such access, a practice that should not be overlooked. I've signed such agreements myself, and asked others to do likewise without hesitation. It's simply good business, and not to be taken personally.

## NOTE

1. For information about current scam alerts, visit [www.bbb.org/council/news-events/lists/bbb-scam-alerts/](http://www.bbb.org/council/news-events/lists/bbb-scam-alerts/).



# Planning Your Exit Strategy So Your Future Is Not Left to Chance

Begin with the end in mind.

**I**n his book, *The Seven Habits of Successful Living*, Stephen Covey says, “Begin with the end in mind.” If your departure from the business becomes prolonged or permanent, you can avoid financial disaster by having an exit strategy firmly in place.

“Simply put, every aspect of strategic business thinking should be illuminated by what the owner plans to do with the business—by the owner’s exit strategy.”<sup>1</sup>

This is not meant to be a lesson in how to sell your business. Entire books have been written on the subject, so I will defer to the lawyers, brokers, and financial consultants who can provide that expertise. My point is, you should have a plan in case your personal crisis is of such duration that an exit strategy is the only answer. You will want to come away with something for yourself and your dependents, and that entails knowing what your options are now, while you’re capable of judicious planning.

Do thorough research into the various options, and select a few that seem right for your situation. Then speak to someone you trust who has experience in selling a business. From there you can take what you’ve learned to the next level, and design a scenario that you think is most appropriate for your business as it exists today—before you offer it to a professional for a fee. Take it from me and other solopreneurs, you need to do this—and evaluate your exit strategy at least once a year.

You've worked hard to build your business, and nothing should be left to chance as you plan for its survival—which includes the possibility of your own disability or even death. These are not pleasant subjects but they are a part of life, and to avoid planning for them can prove disastrous for the long-term future of your business and those who depend on you.

*Margaret had been a flight attendant for 14 years, during a time when airlines were closing their doors or merging. She'd not only survived but continued her career with each takeover company, while increasing her responsibilities and status as an in-flight supervisor. She loved her job and could not see herself in another occupation. Why would she want to do anything else, when she was able to travel the world, from London to Dubai to Paris before returning to her home base in Miami?*

*Margaret was fascinated by different cultures and her effervescent yet competent manner enabled her to act exactly right in all situations; and it was during those times she learned some important behaviors: flexibility, respect for diverse cultures, courage, foresight, teamwork, and leadership. She didn't know how important these entrepreneurial qualities would be—until the bottom dropped out.*

*Finally one merger went sour, and all the employees of her regional airline were fired. For the first time in her career, Margaret was without a job or prospects. The ability to land on her feet, also an entrepreneurial quality, was her saving grace. One of her flight-attendant colleagues had seen this coming and started a lucrative business in Miami as a solo entrepreneur. Her company handled the licenses and building permits for commercial and residential property owners and managers when the real estate boom was in its heyday. She wanted Margaret to take over the territory in Ft. Lauderdale while she remained in Miami. There was more than enough business for two, and they both envisioned good growth and opportunity.*

*Margaret took to the business like a duck to water. She was bright, attractive, and able to "schmooze" with contractors effortlessly. The job required a lot of footwork and physical endurance; but it was not so different from her job as an in-flight supervisor in terms of physical and mental output, so that wasn't a problem. And she was a young forty, in the prime of life.*

*So why was she not feeling well? Margaret knew there was something wrong, but she was busy and ignored the symptoms. It took her longer to climb stairs, stand for hours copying blueprints, even the schmoozing left her exhausted. Her mind wasn't sharp, and she started making mistakes. Business tapered off, because she couldn't keep up with the demands. Her colleague in Miami was worried, but Margaret shrugged it off. She became isolated. Then suddenly, everything went dark.*

*To this day, Margaret can't remember how it happened except that she ended up in a hospital on life support. An infection had grown and spread until it took over and left her unable to function. Being on life support, even for a short time, causes the brain to lose function. She lost her memory and the ability to walk. Later she was put on a walker and had to learn to walk and speak all over again.*

*Because Margaret had no family in Florida, she had no support and was at the mercy of circumstances. Luckily, her brother was contacted and through his efforts had her transported to North Carolina to live with his family. It was a long recovery, during which time she lost her once-thriving business and had to accept charity.*

If Margaret had positioned herself, not as a self-employed person, but rather a solo entrepreneur with a viable enterprise, there would have been a business to back her up during a crisis. If she'd had an emergency plan, and an exit plan, things could have been different. If she'd involved her colleague more in her business, there might have been a succession plan, and she would have exited with something rather than nothing. What a waste of a promising business, and a promising career.

What is the problem here? Why start a business with no concrete plan about how to exit profitably? This is just one example of unrealistic optimism run amok. That being said, a recent survey found that a staggering 75 percent of small-business owners have no formal succession plan.

You've taken enormous risks, built your business, and paid the heavy cost of time, money, and hard work. You don't want to walk away with little or nothing to show for it. The reason you became a solopreneur in the first place was to control your own destiny and build something of lasting value. That means knowing how you want it to end—and all things end at some point in time. Just don't let the door hit you on your way out.

Following are some common exit strategies. For more information, speak with your attorney or financial adviser.

## EXIT STRATEGIES TO CONSIDER

**Close the business down.** Close the doors and liquidate any remaining assets. It's the good old, "take the money and run" routine. While it sounds like an easy solution, and it *is* relatively easy, there are some nagging questions to consider. For example, if you liquidate, any proceeds from the assets must first be used to repay creditors. What's left gets divided among the investors, if there are any. And sometimes very little is left because you only get the market value of your company's assets. Things like client lists, your relationship

with clients, and your business reputation may be compromised, with no opportunity to recover their value.

On the other hand, certain solo businesses that depend entirely on the owner's talents cannot hope for much more than closing the business down. An example would be writers or artists who get paid for their work on a per-item basis. In that case, the best approach is to build a solid client base, actively market and sell during good times, and sock the money away, while avoiding debt. There is nothing as comforting as having an ample supply of cash in the bank, dividend-paying investments, and zero debt when closing a business down.

**Sell the business outright.** This can be an easy and more profitable exit approach. You can acquire all proceeds from the sale, and sever relationships or negotiate for equity, dividends, or a future role in the new company. You can sell the business to a friendly buyer, or an employee. Often in this kind of sale, the seller finances the sale and lets the buyer pay it off over time; or it can be a low-money-down deal. This can be a win-win for everyone. The buyer gets to earn his or her way by buying a business, and the seller makes more money than if the business had been closed down.

**Family succession is an option.** The most natural, friendly buy-out happens when the business is passed down to a family member. The key word in this scenario is, "family." Another key word is, "caution." Extreme planning is the only way to maneuver around potential in-fighting about who gets the final word. It's a feel-good approach, though, and often part of an entrepreneur's dream to hand down the business to family members. But one must be aware of the pitfalls, including the esteemed business falling into ruin over disagreements. Therefore you must leave very clear instructions if family succession is your method of choice.

**Be acquired.** Other companies may want what you have to be part of their value. If this is your method of choice, begin now to cultivate future acquirers. Acquisition is one of the most common exit strategies. In an acquisition, you negotiate the price. Because the market determines value based on your industry, you can ask any price you want and sky's the limit. Some startup companies sell for millions of dollars during a particular market explosion, like the Internet boom. A buyer may reason such a purchase will give them critical capabilities much faster and cheaper than they could develop on their own. How do you find such a deal? Look for a strategic fit.

Acquisition is not without a dark side, however. If it is not a good fit, your companies could take each other down. If you're hired as part of the management team during the transition and things do not go well, you could watch the combined company fall into chaos. If you decide on acquisition, be

certain it is a fit—and do not cut off your options or it could get messy down the road.

**Merge.** Sometimes two companies can have more value than one, so it's wise to start looking for businesses that offer this potential. The distinction between a merger and an acquisition has become blurred, but from a legal standpoint, a merger is a legal consolidation of two companies into one entity, whereas an acquisition occurs when one company takes over another and establishes itself as the new owner.

Either way it consolidates the two entities. While a merger is generally friendly, as a joining of equals, an acquisition can also be an unfriendly takeover. Understanding the distinction may only be a matter of semantics because most small businesses are not subject to unfriendly takeovers. In fact, it would be considered rare.

## **KNOW YOUR STRATEGIC VALUE**

The best advice is to build a business that someone will want. Not only is it important to show potential buyers you've maintained profitability during difficult economic times, but you'll also need to provide evidence the business has the potential to grow and thrive to an even greater extent over time. Sellers who offer buyers a focused plan for growth—which might detail strategies such as acquiring competitors or expanding to a complementary product or service—have an easier time closing deals. The second best advice is to hire a good financial adviser to shepherd you through the process.

## **KNOW YOUR AUTHENTIC VALUE**

The first step in planning an exit strategy is determining the real value of your business. The National Federation of Independent Business (NFIB) states that most small-business owners will need to calculate what their business is worth, for the purpose of a sale, estate planning, or obtaining a loan. You need a professional appraiser to put a price on your company, but first you ought to understand the basic process.

## **VALUATION TECHNIQUES**

There are a number of valuation techniques. These range from simple rule-of-thumb to more complex ratios that include asset valuation and industry average valuations. I'll briefly touch on the valuation techniques outlined by

the NFIB, a reliable source of information for you to consider. You should do your own research and consult an attorney, financial adviser, or both when planning an exit strategy.

**1. Rule-of-thumb valuation**

This technique usually involves a multiplier to determine the worth of a business, projected upon the cash flow and profitability. Often, the base for the multiplier is termed, “Earnings before Interest and Taxes, or EBIT.” Earnings in this sense translate to profit, not gross income.

**2. Owner benefit valuation**

Another way to determine the projected cash flow and profitability of a business is termed owner benefit. This is the discretionary cash flow that would be expected from the business for one year. It’s what’s left after paying “necessary” expenses. Discretionary cash flow takes into account that most small businesses calculate income in such a way that income taxes are minimized. Many companies operate at low net incomes (or even negative net incomes), while they may actually be highly profitable. Thus the saying, “It’s what you keep that matters.”

**3. Asset-driven valuation**

When businesses are asset-driven, such as retail stores, online or direct mail stores, manufacturing companies, and wholesalers, much of the valuation depends on accurately determining the value of these assets. Included in asset valuation are: fair market value of fixed assets and equipment, which is roughly how much it would cost to purchase comparable assets and equipment at current prices; and inventory, usually at wholesale value. Asset valuation is normally added to owner benefit to determine the value of a business that is asset-driven.

**4. Industry average valuation**

This method uses valuations of comparable types and sizes of businesses that have sold within the last 6 to 12 months. At best, an industry average valuation produces a ballpark figure that can be a starting point for estimates of value. Variations that would affect industry average valuation include comparisons to the norms of location, quality of assets, customer base, length of time in business, barriers to entry, goodwill, and so on.

**Evaluate these valuation techniques and note which, if any, you have used:**

1. Rule of thumb
2. Owner benefit

3. Asset-driven
4. Industry average

These approaches to valuation are introductory at best. When placing a value on your business, work closely with your accountant, business adviser, or business broker to assure accuracy and practicality. Should you become incapacitated for an indefinite or extended period of time, having an exit strategy in place will give family members, partners (if any), and your survival team the options they need to execute your wishes. But first, you need to know what your business is worth.

Your exit plan requires that you determine the authentic value of your business. You've probably heard the saying, it's not how much you have, but what you do with it that counts—and in this case it has some validity. *Obviously, your product or service is the basis upon which your business and its growth and prosperity depend. But how you position the product—how you sell it and to whom—may have as much impact on your final exit as the price you set or the sales pitch you deliver.*<sup>2</sup>

Dynasties rise and fall because people make decisions. Sometimes the decisions are bold and full of risk-taking, but the timing was right and, *bingo*—success. Facebook is an example of an idea that struck a monumental home run, crossing all national and ethnic boundaries. J. K. Rowling wrote the first *Harry Potter* on a manual typewriter, and felt the sting of rejection many times before she became the first author to sell over a billion dollars' worth of books.

These are huge success stories, but they pale in comparison to the millions of success stories of solopreneurs who took an idea, ran with it, and built a successful small business. *These* are the building blocks of our economy, not the one-in-a-million success stories—although they inspire us to reach for the stars.

## **BE REALISTICALLY BOLD IN YOUR VALUATION**

Solopreneurs often underestimate the value of their business, simply because they compare it to something larger. This is a very big mistake. When a thing is undervalued, there's a tendency to neglect caring for it as it deserves. Entrepreneurs are brave, creative, and important people who create brave, creative, and important businesses. Put them all together and you have a global dynasty that grows and feeds on the cumulative value of each small business.

From dormitory rooms and humble garages have sprung business empires that continue to spread their wealth around the world, making it possible for

new businesses to be born. Never stop believing what you do is important, and this requires vigilance and care. Why would you build a business only to let it fail, simply because you made a decision that “nothing is going to happen to me”?

There’s also the danger that you’ll categorize yourself as *self-employed*, while failing to remember that you are really a solo entrepreneur. Writers can be especially prone to this erroneous way of thinking. “I’m a writer” may not sound entrepreneurial to the untrained ear, until you count the ways in which you are. There are many intricacies to writing, and getting work published is a complex process. Long hours of learning the writing business, describing your ideas to potential agents and publishers, handling rejection, hiring editors, getting quotes for self-publishing, and once published, booking tours and marketing your books, articles, and stories. As a writer you have the potential to become successful not only as an author, but as a lecturer, screen writer, editor, producer, director, and talk show celebrity . . . the list goes on.

The freedom to do what you love is your main objective, regardless of what niche you choose, but that doesn’t mean you’re of less value than one whose ultimate goal is making gobs of money. Believe that, and treat your business with the respect it deserves. When you assign a value, use only the highest criteria. You birthed it, so *think* like a proud parent. It’s your baby now.

## NOTES

1. Peter H. Engel, *What’s Your Exit Strategy?: 7 Ways to Maximize the Value of the Business You’ve Built* (Roseville, CA: Prima Lifestyles, 1999), ix.
2. Engel, *What’s Your Exit Strategy?*, 68.

## CHAPTER 11

# Building a Network of People You Will Need Outside Help to Survive an Emergency

No man is an island, entire of itself.

—John Donne

**T**hroughout history human beings have bonded with each other to survive, but no one knows better than a solopreneur how isolated you can become. Sure, it was wonderful at the beginning—no distractions, office politics, long commutes, miserable bosses, or “pink slip” nightmares. It was great to work in baggy sweats instead of a power suit; so comfortable to have the dog lounging at your feet or the cat purring on our desk. You could actually fix a good breakfast for the kids and be there when they came home from school. No one but a solo entrepreneur knows the thrill of that first day, completely on your own. Nirvana couldn’t be better than this.

In time, however, you begin to realize your network of colleagues and associates is slipping away. You miss the feedback and brainstorming with like-minded people. Lunching out becomes a distant memory, unless you’re entertaining a client (which is rare), or you’re dragging yourself away from an overflowing desk (and not without guilt) for an association luncheon or after-hours event.

At first you keep your contacts, but eventually the burden of managing every aspect of the business becomes overwhelming, with little time left over for personal contact or networking. More and more a victim of your self-imposed schedules, you turn to the Internet, e-mail, and social media to

connect with people—which is essentially impersonal. You fail to remember that human interaction is the most important and fulfilling aspect of doing business. It's true that people do business with people they know and trust, and there's no better way to form lasting bonds than face-to-face contact. *And in times of need or crisis, having real people who care about you becomes critical.*

Now is a good time to rebuild a business network, and allow real flesh and blood people back into your life again. It can begin gradually, selectively, but with a sense of purpose. You can justify time spent away from the regimen of work by remembering the words of John Donne: “No man is an island entire of itself.” We're social creatures who began as tribes, sustaining our growth as a race through interdependence. We've become far too insular and cut off from each other, due in great part to the growth of technology, social media, and an endless array of connectivity devices.

A reliable network of people is especially important during an emergency, and even into recovery. The key is quality contacts, not quantity—and that means taking the necessary time to create meaningful relationships. Remember: the primary goal of networking is to help others without expecting anything in return.

You may be so self-contained you haven't considered what a network can mean to your business, and your own well-being. Well-being is a feeling of overall happiness with life. Achieving this requires a proper balance of financial, social, and health aspects without sacrificing any one ingredient. Too often we focus on the financial part, or health issues take center stage, and we let happiness wait in the wings—for sometime later on. But we're social animals and it's important for our well-being to include people in our lives with whom we feel comfortable asking and giving advice, or just shooting the breeze.

## THE GOAL IS TO HELP OTHERS

The primary goal of networking is to help others. This is worth repeating again and again. You'll want to understand the people in your network and what's important to them, rather than having them understand what's important to *you*. That is the basis of relationship building. In time you'll be asked to share, but your primary job is first to understand the needs of others and how you can help them, without expecting anything in return.

People will sense a self-serving attitude and be turned off by it. So start by offering kind words of praise, followed by a sincere curiosity about their business. Everyone appreciates a compliment, and an opportunity to talk about

themselves and tell their stories. Cultivate the listener in you, and be on the alert for ways you could eventually be of assistance. Then, follow up with meaningful suggestions that promote the welfare of the other person. *Your* welfare will come later, when trust has been established.

## **QUALITY OVER QUANTITY**

Quality is more important than quantity. It is far better to have ten people willing to help than a hundred or a thousand who merely constitute a number. There seems to be a trend in social networking for obtaining vast numbers of contacts, many who are perfect strangers, in which case the personal connection is lost. It takes time to know someone and their business, so how can you do that effectively if you're dealing with a cast of thousands?

## **HAVE A STRATEGY IN MIND**

Have a strategy when building your network. Spend time qualifying those you intend to include. This will take some research, but once you know your prospects and how you might benefit each other, your contacts will rise in value; not just for yourself, but for everyone in your network. Now when you exchange ideas, they will be more easily understood and appreciated. This is not to say you should stay within your industry, not at all; but rather choose those industries that make sense to your business. Don't take a shotgun approach. Invest the time it takes to know what you're looking for in a contact, and with the end in mind.

Always remember the value of another person's time. This should be your first consideration when approaching someone to join your network. Then determine how you can make your initial move sound interesting, if not compelling. When you open a book for the first time, it's often the first page you read and, based on that initial "hook," you might decide whether or not to continue reading. Likewise, it's important to remember that busy people are limited in the time they have to consider something new. Take the occasion to make an approach that is appropriate, helpful, and downright compelling.

## **VOLUNTEER AND MENTOR**

These activities provide feelings of satisfaction, but cost no money to do; and the value of helping others cannot be measured except in terms of our own humanity. There are many fine organizations desperate for volunteers,

mentors, teachers, and advocates. Become a spokesperson when you find an opportunity, and encourage others in your network to do the same. Champion something you believe in, like offering free workshops to budding entrepreneurs. A subject of general benefit would be the importance of having an emergency plan.

Mentoring benefits both giver and receiver. When I started my own business, I formed an *advisory board* of people who would mentor me during the early stages. Their collected wealth of experience was a tremendous asset to my budding enterprise. It also gave them an opportunity to help, which they found of genuine personal value.

During the early days of my business, I met with my advisory board one night a week in my home. Frank, one of my board members, was a retired CEO for a company that manufactured composites. He had a scientific bent, but was extremely savvy about sales and marketing. He challenged me to stay on track with statements like, “How many calls did you make this week?” and “What are you doing to follow up?”

His wife, Judy, was a retired executive recruiter, with a wealth of experience interviewing candidates (and an MBA from Stanford). She helped me with crafting scripts (we all need a script when we’re just beginning to tell our story), and taught me how to use power phrases both speaking and in writing.

My other two advisers were owners of a Management Recruiters franchise, and had been partners for more than two decades. Dan managed the financial side of their business and taught me about accounting and taxes. I never considered myself a numbers person, so his help was invaluable in setting up basic systems for managing the money. His partner, Ronda, was adept at time management and coached me on how to organize my time for maximum efficiency. We declared officers, and, as secretary, Ronda took detailed notes that became my action list for the coming week. These good people have continued their support through all the ups and downs of my business life—reminding me of the sustaining value of people.

We’ve seen a rise in the number of business coaches who earn their living by keeping business owners and other professional people on track. It can be a very good investment. I’ve benefited from using a business coach whenever I get “stuck.” For the solopreneur just starting out, and on a limited budget, there are other options such as SCORE, the SBA (Small Business Association), and a growing number of networking and critique groups that cost nothing and can be a great resource.

Consider operating at both ends of the scale: accepting help when you desperately need it and giving back that help when you have the opportunity.

Being with other entrepreneurs who are experiencing the same challenges provides a sounding board, but even more important, it becomes a *community of people* who can offer emotional support during tough times, especially when there's a crisis.

Every time we mentor a new business or volunteer to help an existing business, it promotes the welfare of the whole community. We become the kind of people others can rely on during a crisis. As part of your expanded network, consider serving on an advisory board for a business in start-up or during transition.

Think about mentoring a student or taking an intern. Sign up to speak at local schools about what it's like to be a solopreneur. These are formative times for young people, and it can be your inspiration that directs them toward entrepreneurship. And while you're speaking to new entrepreneurs and start-ups, emphasize the importance of being prepared for the "roars of uncertainty" that are too often ignored during their training. Help them understand the term *backup plan* and encourage realistic expectations. You will be offering a tremendous service, because that advice could save their business one day.

While it's good for the soul to feel the walls of your business moving outward, it is wise to put things in writing if you have sensitive information you do not want to be made public. In that case, consider having everyone with whom you share information sign a nondisclosure agreement. There's something about agreeing in writing that underscores its gravity. Don't hesitate to do this for fear of offending. If anyone is offended by such a standard procedure, you have reason to be concerned.

## **INCLUDE SUPPLIERS IN YOUR NETWORK**

Your suppliers should be an integral part of your business network. Nurture those relationships because they can be of great value to you during a crisis. For example, your financial adviser, your accountant, and your attorney can provide needed assistance to your team, but without staying in touch, you become just another client among many.

There aren't enough hours in the day in which to understand the many complex issues important to your business. Trying to do everything yourself can take you down a road of no return, especially if it leads to areas where you have little or no experience. Soliciting the counsel of experts within your circle won't cost a fortune and will produce good dividends, so long as you keep those relationships alive. This way, your business will stand a much better chance of surviving any kind of crisis.

If you have difficulty finding professional advisers to include in your network, there are organizations like the SBA and SCORE (both offering free counseling and workshops), your local community colleges (check out departments that teach small-business administration), and appropriate trade alliances. Many organizations offer their services free of charge, or can recommend other professional people whom they consider reputable. I've used these resources quite successfully during all phases of my own business. One thing is true: your business enterprise is an evolving thing and requires fresh input from a variety of people.

## **BUILD YOUR NETWORK WITH BLOGGING**

Are you a blogger? Blogging is fast becoming an important tool for networking. A number of free programs can be found on the Internet that will walk you through the process of building a blog for your business. Ask the people in your network if they want to receive your blog. As your network grows, invite others to write a guest blog about something that people will find useful or interesting.

*Raise awareness about emergency preparedness through your blog.* You'll be doing everyone a service, while lining up support in case an emergency hits anyone in your network. Inviting others to join the conversation is a great way to discuss this very important subject. Ask people about their experiences—both positive and negative—during emergencies. There's nothing like real-life stories to begin a dialog. Using the experience of others for the good of all will expand your network in meaningful ways. And remember to thank everyone for contributing. Thank people by asking what you can do to help them. Cliché as it sounds, what goes around, comes around.

Bloggging can be an important tool for you to use during an emergency. If you're bedridden but still able to communicate, it's a way to provide information to your network. If you're not able to communicate, you will have instructed someone on your team how to use the blog as a broadcasting means. If you develop a subscriber list now, people will be accustomed to receiving regular blogs and tune in frequently.

## **JOIN OR START A GROUP**

In this age of the Internet there is absolutely no reason to be isolated. A phenomenon called *Meet up*, self-described as the "world's largest network of local groups," provides opportunities for every conceivable kind of

networking group; writers, photographers, foodies, travelers, bloggers, entrepreneurs—to name a few. If you don't find what you're looking for, start a *Meet up* for solopreneurs and focus on the special issues you face—like planning for emergencies.

The Internet and social media have made networking the most valuable device in a solopreneur's toolbox. The important thing is to leave your isolation. Hang up the baggy sweats, walk the dog early, put on a snappy suit of clothes, and meet other business people who are endlessly fascinating (just ask) and always happy to share information.

At the end of the day, we measure our success not by the numbers on a bank statement, but through help given and received, by leads and referrals extended and accepted. It's the comfort of knowing we're part of a community of people working for mutual goals, and the common good. Success is in believing that what we do is important.

## USE YOUR NETWORK DURING RECOVERY

A network is vital during a crisis, and also during recovery. Think about what will happen to your business, if you've been fortunate to have survived a crisis but haven't planned for post crisis? No one but a survivor can understand the challenges of this delicate time of recovery. Sometimes a crisis can trigger emotions we hadn't anticipated, so it can feel like a double-whammy. You make it through the emergency, but along comes a period of testing when you're still a bit rough around the edges. Recovery needs to be navigated with great care, and it's far better not to go it alone. The tendency is to let people go, as soon as the crisis has been contained; but that isn't wise. This is when you need the continuing support of your recovery network.

We're essentially a tribal race, where for thousands of years our survival has depended upon a connection to other people. Think about it. Without each other, where would we be as a civilization? Our circle of life has been supported through clans, families, dynasties, and societies—and through cooperation we've built great nations and companies. To our great loss, we've drifted away from reliance on others to a more isolated society. Isolation separates people and prevents them from understanding each other. That, plus a certain shame attached to a mental or emotional injury can further isolate us, which is another kind of tragedy.

A crisis can be devastating to your emotional and mental well-being. The whole person is not just a physical machine, so why deny a part of ourselves that needs psychological tending? It's estimated that 40 percent of the

population has experienced some form of mental disorder during their lifetime (and this figure is probably low). The U.S. military has made an extensive study of how to treat soldiers who've experienced post-traumatic stress disorder, or PTSD.

What people don't seem to realize, or even talk about in the business community is that PTSD is not limited to the battlefield. Any serious trauma or crisis can cause some kind of mental disorder—from mild, to severe and crippling. The good old American ethic of *just deal with it* ignores the fact that human beings are complex creatures. By discounting the psychological aftermath of a serious crisis, we're missing the complete picture. There needs to be a time to deal with lingering confusion, depression, grief, and other mental or emotional disturbances following a personal crisis. This is called *recovery*.

This ethic of stoicism when confronted by any kind of "collapse" including illness, combined with a growing isolation, may play a role in why so many small businesses fail after a disaster. The solopreneur doesn't have the built-in support system a large corporation provides. The answer to this loss of community is for us to build our very own network; people who will support each other during life's roaring uncertainties.

Don't cut everyone loose when the crisis seems to be over. Build in some extra time for the recovery of your psyche (or mind, if you prefer) because that's where everything, including your healing resides. If you haven't fully recovered mentally and emotionally, you will not be able to recapture the energy and strength of mind to move forward with any vigor. Give yourself time and space to recover—and don't do it alone.

I can hear you saying, "Who has the luxury of extra time?" Time is not a luxury—it's your greatest ally! Use all that it offers, even if it seems like empty space. You'll need some empty space during recovery to care for yourself. If you don't put healing time at the top of the list, you could face problems that go far beyond the crisis you've just experienced. You could lose your business, and even your life.

## CREATE A COMPANY INTRANET NETWORK

During an emergency, your most valuable resource is information. Setting up a company intranet will enable your team to connect with each other and with the people most important to your business. What exactly is an intranet? It's an internal, private-access computer network based on the communication standards of the Internet. It is a smaller version of the Internet that only those specified by you are able to see and use. You can now create, within your own walls, a manageable and secure version of the World Wide Web.

Intranets allow an organization to spend less time chasing down the right information. This is especially critical during an emergency, when time is of the essence. It's estimated that more than 90 percent of U.S. companies—including very small ones—now have an intranet up and running, or in some stage of evolution. Why? Because they *can*; and there are as many options as there are reasons for doing so.

There are many advantages to having an intranet network; but we're focused on the ones that will enable certain people to share information during an emergency. A few examples for using an intranet are:

- Your company database
- Company policies, standards, and procedures
- Organizational charts and flow charts
- Telephone and e-mail directories
- Emergency procedures
- Online version of the “action guide”
- Communication and updates during a crisis
- Calendars to track daily activities
- Meeting minutes
- Sales and marketing reports
- Pricing lists
- Order entry and inventory tracking
- Technical support and help desk
- Accounts payable and receivable
- Expense reports
- Knowledge repositories
- Newsletters and blogs

While the process of building an intranet network can be simple or complex, depending on the scope of your business, there are a few questions you'll need to ask before you begin. For example:

1. What precisely do I want to accomplish?
2. Who can publish and who will have access?
3. What types of content will I publish?
4. What is my budget?
5. What is the target date to be up and running?

This is not meant as instructions on how to build an intranet network for your business. There is ample information online, in bookstores, and at your

local library for that purpose. The point is simply this: sharing information during *any* emergency is critical to survival, whether it's an earthquake or a heart attack.

Deciding what information you want to publish will depend on many factors, including what you want to tell the outside world and how you want it distributed. We covered this earlier as part of your overall communications strategy, which includes your social network through Facebook, Twitter, LinkedIn, Google Plus, and the like. But having your own intranet network is much more versatile than a broadcast medium alone—as you can see from its many uses. Consider doing some research about making a company intranet part of your standard operating procedures.

Finally, an intranet network will enable your team to use information already in place, and to share any *new* information during an emergency. This will happen because you've taken time to set up the system prior to any crisis. A company intranet will also be of tremendous value during your recovery, because you can “check in” from a remote location and keep abreast of activities while you're away.

## CHAPTER 12

# Testing and Implementation

## Uncovering Any Flaws in the System

Diligence is the mother of good luck.

—Chinese proverb

**Y**ou've done your homework, and now it's time to challenge your carefully crafted backup plan—in order to uncover any flaws or potential problems that could throw a monkey wrench into your design. Success hinges on how well you've anticipated every possible emergency, and how each will play out with everyone on your team participating. As they say in theater when the curtain goes up, "It's show time!" but first come the rehearsals.

Analyzing any system requires a set of guidelines that are capable of being documented as hypothetical problems and solutions. Keep a basic outline of the items you want to cover, and then refine the list through rigorous testing. In your outline you'll want to create test categories, participants, test case descriptions, and possible action steps, followed by a pass/fail grade and remarks for improvement. Rounds of trial and error are for the purpose of eliminating failures, and keeping the procedures that work.

Document a series of test cases by painting a detailed picture for each emergency that could occur. Ask over and over, "what if (this happens) and what if (that happens)?" This is the mantra for anticipating every conceivable kind of crisis. List all the what-if stories you can think of that could conceivably happen, even those that seem remote.

There can be many examples of health crises when the emergency is *you*, but the ripple effect is important to foresee. Imagine every side element of the crisis, and how it will feed back into the story. What was the end result for each example? Be specific. Leave room for unexpected outcomes by thinking of events and feelings that could happen outside your narratives—the effect they might have on other people, and their behavior in each situation. What could possibly occur that would affect people’s reactions, and how might they behave, either positively or negatively in each case? Anticipating these things will guide you in how to prepare for a range of outcomes.

Schedule a brainstorming session with your team, family, or inner circle in order to widen the net of likely (and unlikely) crises. Like tossing pebbles into a stream, you’ll watch the ripples touch new and expanded possibilities. You are building a platform from which to develop a bona fide strategy.

## **PLAN FOR THE BEST, BUT ANTICIPATE THE WORST**

For example, a test-case scenario might go something like this. You’re driving down the highway and suddenly, without warning a car spins out of control and hits you broadside. You’re seriously injured and taken by ambulance to the nearest hospital, which could be close-by or, if you’re traveling, in another state or even another country.

- Is your driver’s license valid?
- Is your auto insurance policy current? Is it adequate in depth and coverage?
- Is your health insurance sufficient to cover you, regardless of where you are?
- Are your auto and health insurance cards in your wallet?
- Do you have an up-to-date list of emergency contacts in your wallet? (Your cell phone could be lost at any time, so you should always keep a paper copy of names and phone numbers with you at all times.)
- Do the people on your emergency contact list understand they are to be contacted if you are injured, and what is expected of them?
- Have you prepared a living will, health care power of attorney, and durable power of attorney in the event you are unable to communicate?
- Is your will or trust in order?
- Have you selected a person to step in and manage the business during an emergency?
- Have you issued powers of attorney?
- Does your family have access to enough cash to cover expenses for the foreseeable future?

- If you are a single parent, have you assigned temporary guardianship during a crisis?
- If you live alone and have pets, have you arranged for their care?

The following story tells how a single crisis turned ugly, for lack of an emergency backup plan. While it is only one example, it's fairly typical of what can happen.

*A successful solopreneur and owner of a publishing company in Seattle was in charge of organizing an outdoor book fair that involved an array of attendee booths with pipe and drape, tables and chairs—the usual trade show items. In the Pacific Northwest it can rain at any time, so a large tent was ordered, just in case.*

*The rental company was scheduled to deliver the tent, exhibit tables, pipe and drape, and other materials during the early morning hours on the day of the event. When no trucks had arrived by the time the show opened, attendees were milling about, frustrated and angry without a place to put their displays. And yes, it began to rain and there was no tent. Tempers grew short as time wore on, and still no delivery.*

*To make a long story short, the owner of the rental company suffered a heart attack in the night, and had left no instructions. He fully planned to be available himself, to coordinate the personnel, trucks, and equipment for which his firm was responsible.*

I think you get the message: if the rental company's owner had a backup plan, an unexpected health crisis would not have affected the lives of so many people and damaged his reputation, and his business.

An emergency backup plan will send people into swift action, saving you from an outcome like this one. But theory is no substitute for reality, and only by testing the elements of your plan against real-life situations can you know if they will actually work.

## TEN ACTIONS FOR TESTING

1. Create emergency test cases through brainstorming with others.
2. Number and name these emergency test cases.
3. Write down a detailed description of each test case.
4. Note all possible results of each emergency.
5. Document possible actions that need to be taken to prepare for the emergency.
6. Test the outcome for each action, and give it a pass/fail.
7. Document the pass/fail episodes with remarks.

8. Continue until you have covered as many test cases as you can.
9. Write a closing summary with related requirements for action steps.
10. List action steps with deadlines for completion.

Implementation is the process by which you incorporate the results of your testing. The word *implementation* implies execution and, finally, performance over time. This is the most important phase of all, because it explains how you and your team will cope with an emergency.

Create a document, spreadsheet, or database with test-case scenarios and action steps to be taken for each possible emergency, using the above guidelines. After you've thoroughly tested each action step, you can implement the ones that will work. Finally you have a plan based on the best conclusions, instead of theory. Once these steps are implemented, they become part of your standard operating procedures entitled "Emergency plan." The next most important phase is *practice*.

## PRACTICE, PRACTICE, PRACTICE

Most of us remember fire drills from our early school days. They followed the same routine, and with repetition we learned what to do automatically and without thinking, if there were ever a real fire. During these drills we were often required to stand outside the school building on cold winter days. Jumping up and down to keep warm, all we wanted was to return to the familiar chaos of the classroom. One fire drill a year would have been enough for us, but the administration's goal was to teach everyone to act without thinking, using a series of predetermined safety procedures. We never imagined a real emergency would happen, but we were prepared in the event that it did.

*On January 15, 2014, a school shooting rampage in Roswell, New Mexico, could have been a much worse disaster than it was—had it not been for the frequent practice drills in which the teachers and students acted out defense strategies. Authorities said that without question these practice drills saved countless lives. There were two injuries, but no deaths. Injuries are a tragedy, of course, and it is terrible to conceive of school children being exposed to such incomprehensible events. But being in denial about horrible events that may never happen is not a survival tactic.*

Practicing safety drills over and over *will save lives*. Repetition brings unconscious thoughts to the surface, helping us remember how to act in an emergency situation. But all the intellectual programming will fade in memory without practice. Repetition gives us confidence, and control over our actions on both a conscious and an unconscious level.

People responsible for the lives of others—police, firefighters, ER docs, airline pilots, and flight attendants, for example—have an intuitive checklist of things that must happen in a specific order to insure survival. These people are constantly practicing emergency procedures even in their minds, updating and refining them as new threats arise. It should be the same regimen for the solopreneur who is responsible for the survival of his or her business, if and when serious emergencies occur without warning.

Another reason for practice sessions is to cover any changes within your team. A system is only as good as its weakest link, and you do not want internal conflicts to hamper the success of your mission.

Take time to assess the results of your practice sessions. What worked, and what did not? Look closely and write down the reasons why. For example, did you find communication a factor, with respect to how your team responded to the crisis? Did they understand their roles and fulfill them easily? If they did *not*, be concerned but do not panic. Look for a missing link in the system. Perhaps your instructions were not clear. Go back and re-examine them for clarity—then try it again and assess the results. When it works absolutely right, make it a permanent part of your backup plan—but not until then.

You do not want *any* breakdowns during an actual crisis, like discovering your insurance policies are out of date. Go down the checklist and create an action step for each contingency. Nothing is too small for scrutiny.

Avoid the trial-by-denial syndrome by working through the problems rather than avoiding them. Not seeing something does not mean it isn't there! Look for even a small mistake that could compromise the entire plan. It could be as simple as a wrong phone number, incorrect password, or keys to the office that don't work or can't be found.

Test, evaluate, and test again until every aspect of the backup system runs like a well-oiled machine. Put things in writing, and train the people who will act as your survival team. It is absolutely essential to *practice, practice, practice* until everyone understands exactly what to do without wasting precious time. Remember the fire drills.



# In Conclusion

**A**fter reading this book and doing your own research, you will be ready to create a customized emergency backup plan for your business. You've taken inventory, set goals, organized your office, left clear instructions, and granted legal authority to the people who will manage the business during your absence. You've paved the way by protecting sensitive information from cyber attack. You've built a network of people who will offer help when it's needed. You've determined the areas in which you're seriously at risk and addressed them. But don't stop there. Remember the value of practice, and of routine maintenance and testing.

## **PREPARATION IS THE KEY**

The greatest way to prevent a crisis from turning into disaster is to build a strong organizational framework. Being a solopreneur takes an understanding of all the rights and privileges that big corporations provide for their employees. Now *you* are the corporation, and you're required to know every feature, facet, and policy of the business you manage. There is help for startups, and much of it is free, so there's no excuse for lack of research and planning. Poor planning has brought many a business down, and what a tragedy, what a loss to the entire community. We need success stories. Our country was built on the shoulders of entrepreneurs.

While many crises are triggered by poor internal practices, very often they're the result of outside forces that are beyond our control. While this is not a book about how to build a successful business, I need to stress how

careful planning—which includes an emergency backup system—will play a crucial role in preventing a single crisis from escalating into a full blown disaster.

When someone tells me their business fell apart, I ask a single question: “If you had it to do all over again, knowing what you know now, what would you do differently?” By and large the response has been, “I should have planned better.”

What I do differently now because of my own experience is this. I’m constantly aware of the potential for a crisis. It’s on my mind with every decision I make, and I ask myself, “What will be the result if I do this?” and “Am I really prepared to deal with all the consequences?” Finally, “Who is covering my back?”

*Carolyn’s husband, Greg had always wanted to be an entrepreneur. During his first marriage, Greg and his best friend bought a franchise business together, and firmly believed they could make it go. They knew each other’s strengths and weaknesses (or so they thought) and signed the franchise agreement with great enthusiasm. Both had small children and their wives were stay-at-home moms, so this was their only source of income.*

*They worked hard at the business, but they’d not given enough thought to what kind of revenue was needed to support their families. Young and inexperienced, their best-laid plans were based on unrealistic optimism. Yes, they had the franchisor to help with many aspects of running the business, but that doesn’t replace a sound assessment of personal finances. Eventually, they broke their contract and lost everything they’d invested. Their dreams were shattered because they didn’t do the necessary groundwork.*

*As a result, Greg’s wife left him, and took the children with her. This crisis could have been avoided with sound financial planning, but in their haste to “make it happen” the partners failed to think things through. Their confidence was overblown and without real substance. Much later, Greg met Carolyn, a savvy business woman, and together they worked their way into a productive life and a new business—but not without some hard times.*

You can always say things happen for the best, that if you hadn’t failed and suffered, you wouldn’t have found the path you’re on now. In retrospect, that does ease the pain somewhat. But wouldn’t you prefer *not* to have suffered and spent precious time fighting your way back?

A single crisis can slip into our experience at any time, but it needn’t turn into a disaster. If you do one thing this year and one thing only, *build an emergency plan for your business*. You can’t prevent every kind of emergency, but you can limit the destructive power by simply being prepared.

You owe it to your family, your community, your clients and suppliers to keep your business growing and prosperous—because they will grow and

prosper along with you. In the world beyond your own, you're helping to perpetuate a vibrant business culture and, in an even broader sense, to keep society and ultimately our civilization moving forward. What we do everyday is vastly important.

Entrepreneurs break all the rules, but they also create the rules. We mustn't forget how this has influenced history, and that we need to be rule-makers for the next generation.

Please protect your business. Plan for good times and bad, and give both your full attention. Being an entrepreneur, especially a solopreneur, requires courage. No one expects to fail, but failure is the other side of the coin, always lying in wait for the wrong call, or no call at all. If you acknowledge this truth with realistic optimism, you'll be ready and alert to what might happen as if your life depended on it. In truth, it does.



## Emergency Procedures in the Event of a *Natural Disaster*

**O**n October 29, 2012, the extreme force of Hurricane Sandy devastated most of New York City. During that terrible event over 30,000 homes and businesses were completely destroyed, and people were left without power for a week. Phone lines were wiped out, along with the city's communication infrastructure. Because an event like this was unprecedented, it was impossible to predict what would happen, even though the storm's severity was correctly predicted. While emergency crews prepared for the worst, nothing could have prepared people for the horrific events that were to come. The cost was estimated at \$30 billion, but it was probably more when all was taken into account. If there had been no preparation, the cost would have been much higher!

While this is an extreme case of what can happen during and following a natural disaster, the lessons are plain: do everything you can to protect yourself and your business from *any* kind of disaster. Have a plan. Here is a checklist of procedures used by agencies that help businesses and communities before and after a natural disaster. For a more detailed summary, visit the American Red Cross, the Natural Resources Defense Council, FEMA, or any number of national, state, and local Web sites devoted to the subject of preparing for natural disasters.

- Get trained in CPR and first aid procedures. Keep your skills current.
- Know where the shelters are, and be prepared to get yourself to a place of safety.
- Determine safe evacuation routes from your place of business.

- Stock an emergency kit with first aid items and medications. Include flash-light, fresh batteries, nonperishable food and water, blankets, and water-proof and warm clothing. A good vehicle for storage is a lightweight suitcase or duffel bag.
- Always keep a pair of shoes by your bed, so you are not barefoot if you must evacuate quickly.
- Back up all data on your servers and computers. Take a hard drive or flash drives with you to the shelter site.
- Be sure to have remote access to your computer, and know your passwords.
- Keep wireless devices fully charged at all times.
- If you must leave the office, turn off all workstations and noncritical electrical equipment.
- Know the whereabouts of your power supply.
- Secure windows and doors and anchor any loose structures.
- Have a relocation plan in case your office is no longer accessible.
- Discuss your evacuation and relocation plan with a third party, to ensure your whereabouts are known.
- Move all important documents to a safe location, including insurance policies.
- Have adequate cash on hand to cover expenses in case the ATMs are inoperable.
- Fill your cars with gas.

Disasters, whether catastrophic natural ones that affect millions of people or a single devastating blow to a person's ability to function, they are common in their destructive power. Being prepared is the only real protection you have.

Please think about it.

## PART TWO

# Action Guide

The action guide is designed to help you build an emergency backup plan for your business. This may be a new concept for some, and perhaps a bit overwhelming at first. Do not despair; there is light at the end of the tunnel, and that light is the security of your business. Take action now and make a commitment to build an emergency backup plan. The purpose of this guide is to help simplify the process by breaking it down step by step.

These steps will help determine your ability to handle an emergency *in specific areas*. Taking action now will reduce vulnerability before a crisis occurs and increase the chances for survival. Part One encouraged you to think. Part Two will propel you into action.

The primary objective is to take a long, critical look at your ability to survive a sudden crisis. What is your level of readiness from high to low in the event of a *worst-case scenario*? Use this as a starting point. If you're prepared for the worst that can happen, it means you've done the work. If you're not prepared, it's time to get started.

Before you begin, sit quietly for a few minutes and think about the overall state of your business. These are moments for reflection, not judgment. Ask yourself one question: *Where is my business the most at risk, if suddenly I'm not around to manage its affairs?* A chain is only as strong as its weakest link, and I'm sure you know what your weakest link looks like. If you don't, you will after completing these steps.

Focus on one important task, and state your intention to start on it today. This will get things moving. Taking positive action for *one thing* will spur you on to taking the next step and the next. Breaking through the bonds of

denial, *that emergencies only happen to other people*, will empower you to take control of your business before a crisis takes control of *you*. Keep your priorities in mind, but be open to new information.

Your objective is to create a system that will keep your business alive and well during an emergency. An emergency as described in this material can be *anything that renders you unable to manage the business on your own*. Because some form of personal or health-related misfortune threatens every human being with a heart and a brain, it cannot be denied as a possibility.

**After studying Part One and completing these action steps, you will have:**

1. Taken stock of your business, delving deeply into the elements that define and sustain it.
2. Organized your office so that important items can be found quickly and easily.
3. Set goals for the business during an emergency.
4. Selected a backup team who will manage the business—if you cannot.
5. Authorized select people to act on your behalf legally.
6. Devised ways to keep the business financially stable.
7. Clarified your instructions by using visual aids.
8. Installed a reliable system for backing-up your data.
9. Protected your business from cyber attacks.
10. Planned an exit strategy in the event of a total shutdown.
11. Built a network of people based on quality, not quantity.
12. Tested your backup system for flaws and addressed them.

As you move through the action steps, start adding them to your daily schedule. Like Henry Ford said: “Nothing is particularly hard if you divide it into small jobs.” The important thing is to do something now, while you’re able, rather than rely on some miracle to rescue you during a crisis. Set a target date to begin. You can always adjust it, but making a commitment sets the wheels in motion.

Some things can be put off until you have more information. Others, like being prepared for a crisis, need immediate action.

**Hint:** Work on one step at a time until it’s completed, before moving to the next. Take control, set completion dates and hold yourself accountable. Set aside blocks of time in your schedule to work on specific assignments. Limit phone calls and e-mail during those times, along with unnecessary distractions. Even an hour a day will get you there. That equals 365 hours at

the end of a year, and if you can't get it done in that amount of time, you should consider taking a time management course.

Granted there's work to do, but the rewards are priceless. Now a single crisis will not cause financial ruin, because you have a system that will run the business *for* you until you're back on your feet. A backup plan is the one choice that will save you from drowning, when the unthinkable hits you broadside.

## **GETTING THE MOST FROM THESE EXERCISES**

Here are some strategies to help you get more from these exercises:

- Before starting each step, review the chapter in Part One to which it corresponds.
- Decide how you will use this material. Is it just for your own planning, as instructions for your backup team, or both?
- This material is meant only as a guide. Customize it to fit your business.



## STEP ONE

# Take Stock

**Y**ou'll need to provide your backup team with the fundamental goals and objectives of your business, because these people will be charged with preserving them. Without this understanding there can be little hope for their success.

These will include, but are not limited to, your:

- Vision statement
- Mission statement
- Business and marketing plans
- Company policy and procedures
- Market and competition

**Action.** Writing in short, concise sentences explain your business and its primary objectives as though you're talking to someone who has no idea what you do. You will be sharing these with your backup team.

- What is your vision for the business?
- Describe your product(s) and service(s).
- What are three aspects of your business that make it unlike any other?
- Name your closest competitors. What are their greatest strengths and weaknesses? (This will help your team when they face your competition in the marketplace.)

Although a business plan is not absolutely essential during a crisis, it will be invaluable to your team if the situation requires an exit plan, emergency financing, or even the sale of the business. There are many programs and tutorials available to help you write a business plan. A business plan is an important part of any start-up or mature business.

Your marketing plan should explain the actions you will take in order to achieve your goals for making money, including important benchmarks. This information will help your backup team take decisive action that will support these goals. There are many programs and tutorials available to help you write a marketing plan.

**NOTE:** Both a business plan and a marketing plan are essential when seeking financing.

## TAKING STOCK OF RISK

**Action.** Start with a general risk assessment. What is your *overall* state of risk from high to low in the ability to handle any kind of emergency—1 being the lowest, and 10 the highest risk?

1. Write down the number.
2. Now, focus on your area of greatest risk.
3. What is the one thing you must do now, to address your area of greatest risk?
4. What is the danger to your business if you don't address this?
5. Identify other areas of risk, and write out a plan for addressing them.
6. Make a commitment to hold yourself accountable.

**You could be at risk if you have inadequate protection for:**

- Computers
- Servers
- File backup system
- Legal authorization
- Company policies and procedures
- Transportation (cars, trucks, all vehicles)
- Insurance
- Financial resources

**Action.** Establish a timeline for securing all areas of risk.

## TAKING STOCK OF CLIENTS

### Action.

1. Make a list of your most active clients, in order of priority.
2. Think of ways they can be of assistance during an emergency.
3. Consider including key clients in your backup team.
4. Share this information with your backup team.

## TAKING STOCK OF SUPPLIERS

### Action.

1. Make a list of your suppliers, in order of importance.
2. Think of ways they can be of assistance during an emergency.
3. Consider including key suppliers in your backup team.
4. Share this information with your backup team.

## TAKING STOCK OF TIME

### Action.

1. Make a list of the **six most important things** that require your daily attention.
2. Keep a daily log of distractions that keep you from getting important things done.
3. Eliminate these distractions.
4. Record the amount of time you've saved each day by eliminating distractions.
5. Attach a dollar value to number four.

## TAKING STOCK OF YOUR INNER ENTREPRENEUR

### Action.

1. What was the single greatest purpose that inspired you to start your business? Write it down.
2. Has anything changed?
3. Write down your purpose as it is today, so your backup team has a vision to guide them.

## TAKING STOCK OF YOUR *SELF*

### Action.

1. What are you doing to take care of yourself—in body, mind, and spirit?
2. Make a list of actions you must take to provide better self-care. Set a timeline and hold yourself accountable.
3. Is there enough balance in your life? If you answered *No*, what do you need to change? Write it down, set a timeline, and hold yourself accountable.
4. Do you consider yourself an optimist? On a scale of 1 to 5 (with 1 being optimistic and 5 being pessimistic), where do you fall? Are you in need of an attitude adjustment?

**NOTE:** We write things down because writing is, in itself, a commitment. Plus, you have a written record you can refer back to later on, to gauge how far you've come. What is your report card? Did you complete the assignment and receive a passing grade? You're the only authority who counts, because no one else has as much to lose if you fail.

## STEP TWO

# Get Organized

Countless articles and books have been written about how to organize every aspect of your life, and your business. This tells me that getting organized is something people do not do very well.

For our purposes of building an emergency backup plan, the value of an organized workplace cannot be overemphasized. It will enable your backup team members to quickly find what they need during an emergency. The following exercise will help you perform some simple steps in order to eliminate chaos, and make your office or workspace user-friendly. Some of these actions are:

- A critical assessment of your workspace
- Making changes based on your evaluation
- Establishing separate work areas
- Managing paperwork
- Organizing computer files
- Eliminating clutter . . . forever

A key responsibility of your backup team will be monitoring the jobs that are active and those in the pipeline. Having proposals and contracts organized, accessible, and up-to-date will be crucial to the survival of your business. This should encourage you to review all important documents so they're in order. Lacking signatures, accurate dates, or clear instructions will render these documents worthless to your team—which is the last thing you want or need during a crisis.

**NOTE: There are three things you must do right away.** This will provide a temporary safety net as you build a fully developed emergency plan.

1. **Create a critical call list** of everyone who needs to be notified of your situation.
2. **Enlist a trusted person** who will step in at the onset, contain the immediate crisis, and contact everyone on your critical call list. Give that person instructions, passwords, and a set of keys to your office and vehicles.
3. **Create an office map.**

Now as you proceed to build a full-fledged backup plan, you will have at least a modicum of security.

## **YOUR CRITICAL CALL LIST**

This list should include all individuals who need to know of your situation. Add anyone who owes you, or to whom you owe a substantial amount of money. If you use independent contractors, they may be waiting to perform certain tasks related to an impending job. If you own a manufacturing company, you need leadership in place.

The immediate task is for someone to let people know of your circumstances, and the interim change in management. Once the situation is clearly under control the normal flow of business can resume.

Remember to update the list frequently, as people change over time. Replace outdated versions for your backup team.

### **Example of a critical call list:**

- Active clients
- Active suppliers
- Primary care doctor
- Family members
- Neighbors (home and office)
- Financial institutions
- Attorney
- Accountant
- Close friends and associates
- Anyone to whom you owe money
- Anyone who owes you money
- Any others who need to know

**Action.** Create your critical call list, including all contact information.

## YOUR OFFICE MAP

Your office map will show your emergency backup team where to find the things they need, quickly and easily. The map can be elaborate or simple; just be sure it is clear. Use whatever program or technique that suits you. I found an easy draw program on my computer and use the “Flow Chart” function, which lends itself to many different applications.

Place the office map in a place where it can easily be seen by your backup team. Consider giving each person a copy to keep off-site. Whenever the office map changes issue a revised copy and date it so everyone has the most recent version. Destroy old copies right away so there’s no confusion.

**Action: Create an office map.**

## CHECKLIST

The checklist is one of the most important tools for your backup team, because it identifies the things they will need to run the business during an emergency. Remember, an emergency can be of any duration, very short or very long, so plan for the worst-case scenario to be on the safe side.

I interviewed other solopreneurs to ask what items would be important for their own team during a crisis. This list is meant as a guide, so use what you need, add to it, or change it completely depending on your situation.

**Your checklist may include but is not limited to the following.**

- Clearly marked set of keys to office, home, car, desk, safe, mail box
- Keys to lockbox (your bank will need a co-signer on file)
- List of important passwords including the one for computer access
- List of credit card companies, with account numbers and pin numbers
- Current business proposals
- Current business contracts
- List of active clients, with contact information
- List of active suppliers (include attorney and accountant), with contact names and phone numbers
- Banks and financial institutions, with contact names and phone numbers
- A schedule for up to six months’ work in progress
- Leases and real estate holdings
- Recent mortgage statement
- Deed to home

- Real estate tax statements
- All rental agreements and payment schedules
- Time share deeds (if any)
- Copies of three years' income tax returns
- List of assets and liabilities (this will be covered in detail later)
- Monthly budget; yearly budget
- List of bills that must be paid
- Accounts receivable
- Accounts payable
- Copies of vehicle(s) bill of sale, title, and registration
- Military service records if any
- Survivor benefits if any
- Copies of trusts, joint tenancies, and community property, if any
- List of tangible personal property; location, and value
- Investment statement and broker's contact information
- Recent bank statements and some blank checks
- Copy of will or trust
- Copies of power of attorney (durable and limited)
- Copy of health care directive
- Social Security and Medicare documents
- List of all passwords (for computer access, banks, credit card companies, health savings account, investment accounts, other)
- All insurance policies including long-term care

**Action: Create a checklist for your backup team.**

## ORGANIZE YOUR WORKPLACE

Busy solopreneurs have many demands on their time. For some of you, it may seem like a nail in the coffin to consider adding another project to the ongoing list. I want to stress that the rewards for having an organized workplace far outweigh any short-term demands.

The answer to gaining control is found in two words: *manageable chunks*. Take an hour each day, even 30 minutes, and you will be amazed at the results over time. Break it down into one file cabinet or one drawer a day. As the clutter diminishes, something transformative will happen. I know, because I was a packrat myself at one time. Order can happen, even for busy solopreneurs; and it becomes imperative for your backup team.

As you start your journey to an organized workplace, do these things:

- Put your most important documents in one place before proceeding to a complete office overhaul.
- Tell a trusted person where you keep important documents.
- Make a list of things you need to do now, to get organized.
- Set up a schedule for organizing your office, and put it on your calendar.

As you move through the assignments, remember to work on one task at a time until it's completed, before moving on to the next. Take control, set completion dates, and hold yourself accountable. Set aside blocks of time in your schedule to work on specific assignments. Limit phone calls, e-mail, and other distractions during those times.

### **Actions:**

- **Perform** a fault-finding evaluation of your office or workspace. Take a clipboard along and write down what you see.
- **Make a list** of everything you need to do to get organized and put it on your calendar.

Some typical actions will be:

- Purge and shred.
- De-clutter.
- Categorize and redistribute.
- Establish work areas.
- Organize drawers.
- Create an inbox, outbox system.
- Organize computer files.
- Organize paper files.

**Action:** Buy a high-quality crosscut shredder and start using it.

## **ELIMINATE CLUTTER—FOREVER**

Clutter is the number-one enemy of an organized workspace. It's the monster in the closet, the piles of wandering paperwork that accumulate on floors,

desks, and tops of file cabinets, and in nooks and crannies when you run out of room. Clutter will rob you of space and time.

**Action:** Get rid of clutter, and make it a lifestyle change. As in losing weight, diets don't help for long. You must keep at it like a zealot on fire. Do not let clutter get ahead of you; deal with it every day. What will happen if your backup team is called in to run your business encumbered by mess and disorder? You know the answer. Another seat in the waiting room for disaster will quickly become available.

## DESIGN A FILING SYSTEM

As I said earlier, paperwork is around to stay, so we need to deal with it intelligently. Your backup team will be called upon to deal with it, too, so a word to the wise is sufficient.

**Action: Design a system for organizing your paper files.**

- Your system should separate information according to its category; for example: client files, work timelines, financial information, insurance, deeds, legal, health care, and powers of attorney.
- A section for *projects* will help you and your team manage jobs that are in full production, in the pipeline, or in the estimating stage.
- Your file folders can be filed alphabetically, by category, or by any other method that suits you. The objective is clarity and ease of use for your backup team.
- Note: do not throw paperwork into your file folders willy-nilly. Time can cause you to forget their sequence or purpose. Be conscious when you place paperwork in folders.
- Work on one file at a time.
- Notice the feeling of liberation when your system is fully executed.
- Put paperwork where it belongs after its use. Do not wait until the end of the day.
- Archive old files, and shred paperwork that is no longer of use.

More and more documents are being stored electronically, and that file set-up can become as dysfunctional as the paper files if not handled with foresight. This is the time for you to take a long, hard look at your computer filing system. Do you use *My Documents* to house all your files? Do you use your desktop search to find specific files? Consider the time it takes to go through

hundreds of search results to find the material you need. Remember that finding important information will fall onto the shoulders of your backup team.

Make a commitment to start now, if only for 30 minutes a day.

**Action: Design a system for organizing your computer files.**

- Clean up your desktop. Remove any unused icons.
- Have a system folder for every subject.
- Do not use *My Documents* to house all your files. Create subfolders.
- Create as many subfolders as you need. Every time you have an opportunity to set a group of related files into a subfolder, do so. Assign a name and date for each file.
- If you only have one hard drive (C), create a dedicated folder that will hold all your files, and give it a single brief word for a name. Now it is easy to back up all files.
- Make a directory and keep it on your desktop, so your backup team can find things quickly and easily.

## IN SUMMARY

Having an organized workspace is critical to the success of your backup team. Getting there involves a number of action steps, so you'll first need to organize your time. Make a list and take one action step each day, more if you can, but start now. Organization is the only way to prevent chaos, and without it your business will not survive for long—whether or not there's an emergency.

Good intentions and a dollar will get you a cup of coffee. Commit to your commitments and take positive action.



## STEP THREE

# Define Your Goals

**B**y defining your goals, you'll be making your intentions clear for how you want things done, so they will not be left to chance. Without clearly stated goals, your team could take the business in a direction that would be difficult to change later on. This means you must first establish your goals and then communicate them clearly, to prevent misunderstandings. Key features will include:

- Short-term objectives (for containing the crisis)
- Intermediate-term objectives (maintenance plus growth)
- Long-term objectives (if the crisis is prolonged or permanent)
- Company policy
- SOPs
- Risk assessment as part of goal setting
- Communicating goals

**Action.** Write down your answers to the following questions.

1. When was the last time you set goals for the business? Review and renew them now.
2. How will your goals for the business be affected during an emergency?
3. What must you do now to modify your business goals in the event of a crisis?
4. Have you written down your goals first as clear objectives, and then as procedures so others will be able to move them forward without guidance?
5. Have you tested your procedures for any weak spots and addressed them?

## ARRANGE GOALS BY CATEGORY

Goals are best achieved when they are arranged by category. You wouldn't combine personal and business goals into one lump, because that would scatter your thinking. The more you can focus on the purpose of a goal, the better chance you'll have of taking action. We are concentrating here on your goals for the business during an *emergency situation*, which may be quite different from normal times. It is important to distinguish between the two.

**Action:** Write your goals for the business during *normal times*. These will serve as the basis for all team activity during an emergency, regardless of its duration.

### Goals for a Short-Term Emergency

- Precisely, what does *short term* mean to you? What needs to happen during this time, more than anything else, to keep the business alive?
- What are the three most urgent goals for the short term, in order of priority?
- How do you want your team to accomplish these goals? List any expectations that will help them understand.
- Write down anything that may further clarify your goals and objectives for the short term.

### Goals for an Intermediate-Term Crisis

- Precisely, what does *intermediate term* mean to you, in terms of time?
- Breaking it down, what are the three most urgent goals for the intermediate term, in order of importance?
- How do you want your team to accomplish these goals? List any expectations that will help them understand their roles.
- What are some things you must not allow to happen during this time?
- Add further comments that will clarify your goals and objectives for the immediate term.

### Goals for a Long-Term Crisis

- What does *long term* mean to you, in terms of time?
- What are your three most important goals for the long term, in order of priority?
- How do you want your team to accomplish these goals? List any expectations that will help them to understand.
- What actions have you taken *so far* (if any) to protect your business if the crisis is prolonged?

- What actions must you take now, that will steer your business through a long-term crisis?
- What are the five things you must not allow to happen during this time?
- Do you have an exit plan in case the crisis becomes permanent?
- Have you considered what you might do as an alternate source of income, if your crisis renders you unable to continue the business as usual?

## ESTABLISHING COMPANY POLICY AND PROCEDURES

### Company Policy

Review the material in Chapter Three about the need for company policy, remembering that *rules* are needed to:

1. Minimize errors
2. Maximize efficiency
3. Insure proper and timely communication
4. Keep clients satisfied while meeting profit requirements

**Action.** Write your company policy, keeping it short and to the point. Put this document in a place visible to everyone, including your employees, your backup team, your customers, and your suppliers.

### Standard Operating Procedures

**Action.** Write your SOPs. Review the material in Chapter Three on writing SOPs. There are steps to take in writing SOPs.

Do some research before you proceed. Download a template from a reference library Web site created by an organization in your industry, which will help identify the SOPs needed by your organization. Then:

- Create a list of procedures required for operations, sales and marketing, finance, archiving, and so forth.
- Write clear instructions on how each of these procedures is to be performed.
- Create a descriptive title for each page followed by detailed instructions.
- Then write a short summary describing the purpose of the procedure and any other *related* procedures (this is where a flow chart will be useful).
- List the necessary equipment in each procedure, and any safety instructions.

- At the bottom of each page, include both page number and the total number of pages in the document. Make copies for everyone in booklet form, and be sure your team receives training on how to use the SOPs.
- Archive the document in an electronic file with the title, *Standard Operating Procedures*. Make sure it can be easily retrieved by all members of your team. This will be a vital resource during an emergency.

## IDENTIFY YOUR RISKS

As we covered earlier, it's critical to know the areas where you are most at risk so you can manage them or make changes. Risk is something we take for granted as solopreneurs, but too often we don't stop to consider risk as a daily threat or as gaping holes in our security. Before an emergency occurs is the time to address risk and take corrective action if needed. Your backup team is depending on you to do this.

**Action.** This is a writing exercise:

1. **Begin with a general risk assessment.** What is your level of risk from low to high in the ability to withstand any kind emergency? Are you hedging your bets in favor of, "this will never happen to me"? Be honest, and rate your business on a scale of 1 to 10, 1 being the lowest and 10 the highest in terms of readiness.
2. **Know the areas where you are most vulnerable.** For example, do you have:
  - Adequate security for computers, servers, and phones?
  - A strong network of people?
  - A file retrieval system?
  - Adequate financial resources?
  - A communications network?
  - An emergency backup plan?
  - Plans for getting the vulnerable areas under control?
3. **Know your most valuable strengths and assets.** Are they people, equipment, vital services, technology, or other? How can they help reduce risk? How can you maximize their benefits in the event of a crisis?
4. **Identify the resources you will need.** Name the resources you'll need in order to survive an emergency. We will cover this in more detail later, but for now make a list.
5. **Identify what needs to be done now to protect your resources.** What steps are already in place? Or do you need to start from scratch?

- 6. Identify distractions.** Become aware of the distractions that are keeping you from achieving your goals. Write them down. Take action to free yourself of these time-robbing distractions; you know what they are.

## **PROTECT YOUR FINANCIAL ASSETS**

Keeping your business fiscally sound during a crisis is one of your most urgent goals. Identify *what needs to be done* in order to protect your financial resources, and have a plan. Include action steps as part of your short-, intermediate-, and long-term goals. In other words, what will happen to your business in each set of circumstances, if you do not have sufficient money set aside to run the business during an emergency? Review Chapter Three again on managing the money; then take action, set timelines, and hold yourself accountable.



## STEP FOUR

# Choose Your Backup Team

**T**his exercise will help you select the guardians of your business who will carry you to safety: your emergency backup team. They may or may not be appropriate to access your personal information, so you need to decide when choosing:

1. Who will manage the business?
2. Who will manage my personal affairs?
3. Are they one and the same?

More topics covered here will include:

- Learning to describe your business
- The A-Team, B-Team model
- Building an emergency communications plan
- Financial compensation for your backup team
- Evaluation strategies for choosing your team
- Tips for finding candidates
- Family members—yes or no?
- Motivation as a requirement
- Enter, your recovery team

## DESCRIBING THE BUSINESS TO OTHERS

Before you begin assembling an emergency backup team, you must be able to describe the business to prospective candidates. They can then make an educated decision that will stand the test of time. Do not candy-coat the assignment, or oversimplify the process because in reality, there will be challenges. Here are some actions you can take, to prepare others for the task of serving on your backup team.

- Be able to describe your business clearly, in writing and speaking.
- Define the personality of your business. This will bring it to life.
- Discuss each candidate's comfort level and put support mechanisms in place.
- Widen the net of support with qualified people to help in specific areas.

## THE A-TEAM, B-TEAM MODEL

The A-Team, B-Team model is simply one way to organize the people who will perform various functions during an emergency. Substitute any other method that satisfies your requirements.

### **A + B = Your Backup Team**

**Your A-Team** is the first line of defense. This person will take immediate action to:

1. Contact everyone on your critical call list by phone, e-mail, or both.
2. Contain the crisis.
3. Bring in the B-Team at the appropriate time.

Your A-Team may or may not be qualified to manage the business long term, or beyond the immediate crisis. That is where the B-Team comes into play.

**Your B-Team** is the second line of defense. These people have the requisite skills to fully manage your business on a daily basis and will take action to:

1. Evaluate the situation.
2. Work independently utilizing specific skills, and as a cooperative team who will implement company policy and procedures.
3. Perform all actions necessary to keep the business operational.

### Choosing Your A-Team

- What are the most essential **qualities** your A-Team must have? Write them down.
- What are the specific **duties** you expect the A-Team to perform? Write them down.
- When interviewing candidates, key in on their **motivation** and decide if it's strong enough to sustain them over time. Write your impressions after the meeting about why you think each candidate would be a good fit.
- Now select your A-Team.
- Meet with your A-Team to review their responsibilities and schedule a time for training.
- Routinely keep them informed of any changes to your business.

### Choosing Your B-Team

- What are the most essential qualities your B-Team must have? Write them down.
- What are the responsibilities of each B-Team member?
- What will motivate people to join your B-Team? Be specific. When interviewing candidates, key in on their motivation and determine if it is strong enough to sustain them over time.
- List all candidates you're considering for your B-Team. Make a list of positives and negatives for each candidate.
- Select your B-Team, using your list of qualifications as a guide. Do not let emotion or friendship guide your choices. Instead, key in on their strengths and competencies.
- Meet with the B-Team to review their responsibilities and schedule training.

### Choosing Your Personal Affairs Team

Your personal affairs team will handle your personal finances, health care, child care, pet care, household, and other nonbusiness-related interests. It can be your spouse or partner, but if you have neither, choose a close personal friend or relative. They will have access, determined by you, to your most sensitive personal items and documents.

For example, if you are incapacitated and unable to speak, this person will know your wishes and have the legal authority to act on them—while communicating with the A and B teams when necessary.

**Action.**

- Decide what qualities this person must have.
- Arrange a time to meet, and thoroughly review your needs and expectations.
- Make your selection and confirm a willingness to serve.
- Discuss time frame and whether this is permanent or on a limited basis.
- Now take this person into your confidence and explain what to do.

**COMPENSATION**

Compensation may be an important ingredient to the people who will serve on your backup team. How do you plan to compensate them? If compensation is required by some people, have an understanding up-front that works for everyone, including you. This needs to be part of your early conversations as you choose your team.

**Action.** Create a written agreement describing the method of compensation-if that becomes a requirement.

- If compensation is financial, write up a brief contract and have it signed by all parties. There are laws that govern independent contractors, so it is wise to be familiar with them. Also, if you intend to pay someone there are taxes and other considerations. A good place to start is the Small Business Association Web site at [www.sba.gov](http://www.sba.gov). Search for “hiring independent contractors” and if that isn’t enough information, talk with your attorney.
- If compensation is a stake in the business, you will need to have a more in-depth agreement, which will require the services of an attorney.
- If compensation is not a factor, it is still worthwhile to write up an agreement, stating any and all items of importance to both parties. Believe it or not, people get busy and forget, so put things in writing and make it a priority to stay in touch with your emergency backup team on a regular basis.

**BUILD AN EMERGENCY COMMUNICATIONS PLAN**

Your backup team will be responsible for communicating with your customers, suppliers, close associates, and the public at large. It will be of great value to them to have a communications system firmly in place during a crisis.

**Action.** Make a list of functions your emergency communications plan will include. For example:

- **An alert notification system** for broadcasting your status to everyone you identify as important—through Facebook, LinkedIn, Twitter, or other social networks. Limit yourself to only one, to reduce confusion.
- A **blog** to provide updates during an emergency. Your team can send a link to all important people and make frequent posts.
- An **online message board** that will allow people on the inside and the outside to interact with each other about the status of your emergency. You'll need a moderator to field questions.
- A **written set of communication goals** for your team, including your priorities from most important to least important. Describe how you want your team to carry them out.
- A **database** or document file of critical information that can be easily accessed by everyone on your team, including but not limited to passwords, account information, key contact information, critical call list, and company policies and procedures.

**Action.** Once you have your emergency communications plan in place:

- Confirm all facts, so your team has the right information.
- Know how to operate the system inside and out. Use it frequently yourself, so it becomes part of your daily routine.
- Train your backup team in managing the communications network.
- Test your plan for flaws, and make any necessary changes.
- Advise your team what is appropriate to share with others and what cannot be shared, including the media.
- Test the plan at routine intervals. Keep it operational at all times. It will be your lifeline during an emergency.



## STEP FIVE

# Make It Official

**Y**ou've chosen the people who will manage the business during an emergency, and now it's time to grant them the legal authority to act. This is a crucial part of your backup plan, for without this authority, your team will be unable to perform many of the duties you've assigned to them. For example, health care issues are an integral part of an emergency plan when the emergency *is you*. If you've not authorized someone to make decisions in the event of an illness that leaves you disabled, it can hamper all other efforts to sustain the business.

Items covered in this exercise will include:

- The limited power of attorney
- The durable power of attorney
- The health care power of attorney
- A living will

### **YOUR LIMITED POWER OF ATTORNEY**

There are specific situations in which you'll need to assign legal authority through a nondurable statutory or **limited power of attorney**. These are **non-life-threatening** issues.

1. Download the "Non Durable Statutory Power of Attorney" forms from your Secretary of State's Web site.

2. Review the various situations stated in the forms and name the person you have legally authorized to handle each one. There will be some situations that will not apply to you, so leave those blank. Here are some examples you will encounter, plus a few of my own. It is entirely up to you to decide which actions your agent will take, and they are not limited to those on the power of attorney form.

- Banking transactions
- Real property transactions
- Personal property transactions
- Safe deposits
- Business-operating transactions
- Insurance transactions
- Estate transactions
- Personal affairs and relationships
- Social Security and unemployment
- IRA and pensions
- Benefits from military service
- Tax matters

You will be asked on the form to check each category that applies, and assign a person the authority to act and make decisions on your behalf.

## YOUR DURABLE POWER OF ATTORNEY

There are other situations in which you'll need to assign legal authority through a **durable power of attorney**. This power of attorney requires a *more broad and sweeping power*, including health care. What makes this different from a limited power of attorney is that it stays in effect even after you are incapacitated or if you die.

There are forms available online, or speak with your lawyer. Durable power of attorney is often assigned to your **executor** as part of your will.

Choosing the person to be your *durable* power of attorney involves more thought, because that person, called your agent, has power over your life and death issues. Once this decision is made, meet with your agent to discuss his or her responsibilities in detail, and go over your durable power of attorney forms. When that person has agreed, take the forms to a notary. When notarized, give copies to those individuals who are now authorized to act and make decisions for which you've assigned them. You can also include this authorization as part of your last will and testament.

**Action 1.** Meet with your agents (you can have more than one limited power of attorney), discuss their responsibilities in detail, and go over your limited power of attorney forms. When they have agreed to them, take the forms to a notary. Once the forms are notarized, give copies to your agents.

**Action 2.** Review your power of attorney at least once a year and make any changes necessary.

## YOUR WILL OR TRUST

*The most important document you will create is your last will and testament.*

**Action.** Review the information in Chapter Five, “Making It Official,” about preparing your will or trust. Remember that a hand-written document will suffice for the short term, as long as it is witnessed and notarized. This will give you some time to determine the finer points, and if you want to involve a lawyer. But don’t delay. Without a will, your assets, including your business, can fall into the wrong hands if you should die.

## YOUR LIVING WILL

As discussed in Chapter Five, a living will is a legal document that states in advance your desire to receive or withhold life-saving treatment if you are terminally ill or in a vegetative state, and cannot speak for yourself. It is limited to your medical treatment at the end of life.

**Action.** Create a Living Will.

You do not need a lawyer to make a living will, although you can get one from a lawyer if you prefer. Every state has its own requirements for making a living will, so if you make one on your own, make sure you find a form that meets your state’s requirements. You may be able to find free living will forms at:

- Local senior centers
- Local hospitals
- Your primary care physician
- Your state’s medical association
- The National Hospice and Palliative Care Organization

After you make your document, you will need to sign it and have it witnessed or notarized, or both. The requirements for making your living will legal depend on your state’s laws. Learn more about your state’s laws on living wills and health care powers of attorney by visiting your Secretary of State’s Web site.

## YOUR HEALTH CARE POWER OF ATTORNEY

To review, the health care power of attorney is a specific legal document, separate from your living will, in which you appoint someone to be your *health care agent*. This person will make medical decisions for you if you are unable to speak for yourself. These are not end-of-life issues but rather you are giving specific instructions about *how you want your health care managed* and how much or little authority your agent will have.

**Action.** Do you have a health care power of attorney? If you answered *No*, set a date for getting this done and hold yourself accountable.

**NOTE:** A **health care directive** combines the living will and health care power of attorney into one document. You can write it yourself, but use state-approved forms for language and any restrictions. Be sure to have it notarized.

**Action.** Answer the following questions and then take appropriate action.

1. Do all persons to whom you've given authority understand the scope of their powers?
2. Have you completed the required paperwork for all powers of attorney and had copies witnessed and notarized when required?
3. Have you put all documents in one place, along with your will and other important papers?
4. Have you distributed notarized copies to all involved parties, including your medical doctors?

**Action.** If you answered *No* to any of the above questions, set a completion date and hold yourself accountable.

## IN SUMMARY

Without these directives, and legal authorization for people to act on your behalf, you have little or no power over your business or medical treatment if you're suddenly incapacitated. Without legal authority, your team will be unable to carry out your wishes. And if these directives cannot easily be found, your agents will be unable to perform. Therefore, it is imperative that you assign the people you have chosen to serve as your backup team the legal authority to act on your behalf. This is one of the most important things you can do, and there are certain rules to follow. Familiarize yourself with your state's regulations and directives. Please act now.

## STEP SIX

# Manage the Money

**H**ow finances are managed during a crisis can make or break your business. It is crucial, therefore, that the people on your backup team know how a small business functions financially, and they have the requisite skills to direct the flow of money. This requires extreme planning on your part to (a) choose these people wisely and (b) give them the tools they need. This exercise will help you build a strategy for keeping the business fiscally sound during an unexpected crisis. We will cover topics such as:

- Providing security for family and significant others
- Naming your financial *guru*
- Managing expenses
- Choosing the right insurance
- Determining assets and liabilities
- Establishing financial resources and reserves

**Action:** Create a list of people who will be most affected by a disruption in the business.

- How have you provided for their financial security? Consider the consequences to them, if something happens to you.
- Have you had a conversation with these people? If you answered *no*, schedule a meeting and discuss financial procedures in the event of an emergency.
- Write an agenda so you're sure to cover all topics.

- Explain what provisions you've made for their financial welfare. Ask for their feedback.
- Tell them how to find information they will need, in order to expedite the process.
- Ask what you can do to make them feel more secure.

## YOUR FINANCIAL TEAM

From your emergency backup team lineup, select a person who will manage finances during an emergency. Let's call this person your *financial guru* (everyone needs a title). To insure their success you'll need to provide clear instructions, both in writing and during face-to-face training. In preparation for handing over this important role, you must first review your own internal system with a critical eye. Nothing is more important to the survival of your business than a reliable system for managing the money.

### Action:

- **Write** a detailed description of how you keep your books. Include any software programs, spreadsheets, or your own customized method—in other words, any and all procedures. (Note) This may be an incentive for you to clean up your process, in case you have a peculiar accounting technique that defies understanding.
- **Schedule** hands-on training with your financial guru at a mutually agreeable time. Describe how to access needed resources, and if they're password protected, provide that information.
- **Make a list of** all your key financial contacts. State why each person is important and exactly what kind of information they will provide. Include your:
  - Bank contact or loan officer
  - Lease and/or mortgage lenders
  - Financial adviser
  - Accountant
  - Attorney
  - Any others
- **Authorize** your financial guru to act on your behalf in specific matters through a limited power of attorney. Go over this information and confirm their agreement.

- **Alert** your financial institutions that you're authorizing another person (your guru is now your agent) to act on your behalf, and give them the agent's name and contact information.
- **Notify** your investment broker if your agent is authorized to make investment decisions on your behalf.

### How to Help Your Financial Guru

Consider any other information that will help this person perform his or her duties, such as:

- Do you use an outside bookkeeper?
- How is your credit? You're entitled by law to receive a free credit report from a national credit reporting agency (there are 3) once every 12 months.
- Do you have a method for tracking expenses and receivables? What is it?
- Have you authorized someone else to access your bank account, IRA, or investments?
- Are you set up for overdraft protection or a short-term loan from your bank in case of emergency?
- Remember, you won't be there to provide guidance, so be sure everything is done in strict adherence to your wishes.

### MANAGING EXPENSES

Every solopreneur has a method for dividing personal and business expenses, and it is not the object of this book to train you in doing so. The important thing is to have a prudent method and to utilize it. Spreadsheets are an excellent way to organize expenses. Although it is the business we're concerned with, it is important for you to separate the two for tax purposes—and for keeping your books *clean*.

- How would you describe personal expenses?
- How would you define business expenses?
- How do you separate your business and personal expenses?

#### Action:

1. Using a spreadsheet or other method that suits you, make a list of your ongoing **business** expenses. This may include mortgage, insurance, taxes, and lease payments paid quarterly or annually. Identify them by:

- Description of the expense
  - Payee name
  - When paid
  - How paid
2. Now, make a list of your ongoing **personal** expenses. Identify them by:
- Description of the expense
  - Payee name
  - When paid
  - How paid

## INSURANCE AS A SAFETY NET

As we discussed in Chapter Six, insurance can be a life-saver during an emergency. It is important for you to review how you use insurance, and whether what you have is adequate to protect your business and your dependents if something happens to you. This is a good time to sit down with your insurance agent and find out what will improve your situation, and at what cost. There is no obligation; this is simply a fact-finding mission. Then discuss the options with your partner, and with other people you can trust who can advise you.

**Action:** Make a list of your insurance policies, including policy numbers, payment due dates, and contact information for:

- Auto
- Health
- Life (including key person insurance)
- Long-term care
- General liability
- Workman's comp if applicable
- All other policies

Be sure your emergency backup team and members of your immediate family have copies of this list. Note its location on your office map.

**Action.** Do you have an emergency fund?

- If the answer is *yes* explain it thoroughly, in writing, and note any restrictions or early withdraw penalties.

- If you answered *No*, what is your action plan? Without an emergency fund, your business could run out of money very quickly. Write down your plan, and remember, your actions are a commitment from you.
- Share this information with your backup team and members of your immediate family, who will need to know.

## **YOUR BUSINESS ASSETS AND LIABILITIES**

Your net worth is a snapshot of your finances after subtracting your liabilities from your assets. You need to know the number for many reasons, but our mission here is to have this information for your backup team and immediate family so they can make certain financial decisions. If the crisis is long term, certain assets will need to be liquidated to keep the business running, if and when the cash runs out.

### **Determining Your Assets**

To determine your net worth, the first step is to take a look at all of your assets, which are anything of value that you own. They typically include the following:

- Cash
- Bank accounts
- Stocks, bonds, mutual funds, and annuities
- Dividend income
- IRAs
- Social Security income
- Life insurance policies and their cash value
- Real estate, including the current market value of property you own (less mortgages)
- Personal valuables including art and furniture
- Promissory notes, or money you're owed
- The current blue book value of all motor vehicles.
- Machinery
- Inventory

### **Determining Your Liabilities**

Liabilities are any debts or anticipated payments you owe to others. Here are the most common:

- Mortgages
- Home equity loans
- Loans for all motor vehicles
- Business loans if any
- Personal debt
- Loans against your IRA
- Student loans, if any
- Credit card debt

**NOW:**

1. Determine your total assets
2. Determine your total liabilities
3. Determine your estimated net worth (assets minus liabilities)

**Action.** Put this information in a place where only select people, such as your backup team and your financial guru, have access. Think about *how* the material will be used, what is appropriate to share, and under what circumstances. Keep a copy with your important papers, such as your will or trust. You need these calculations to guide the business through normal times, but especially during a crisis—when the future is uncertain.

**Liquidating Assets**

If there is not sufficient cash to run the business during a crisis and its financial survival is in the hands of other people, they need to know your wishes.

**Action.** Prepare a list of instructions for your team in the event they need to liquidate some of your assets. For example:

- What assets to liquidate, from first to last
- How to locate these assets
- Persons legally authorized to handle their liquidation

**NOTE:** For a complete and thorough valuation of your business, consult a certified business appraiser.

## STEP SEVEN

# Get Visual

This can be an enjoyable exercise, because it encourages you to use the creative side of your brain. Getting visual allows the mind to organize material in a way we've all been trained to do since childhood, but have forgotten. Now is a good time to revisit your ability to communicate through illustration, because anything you can provide to simplify things will help your backup team know what to do—when they need to act decisively.

In this step, we'll explore how to:

- Use instructional diagrams, like an organizational or flow chart
- Exercise your creative side
- Communicate using visuals

**Action.** Write a brief evaluation of your ability to think visually.

Are you open to exploring new ways to communicate? Think about how you might present material in a different way than you normally do, remembering that an emergency falls outside the borders of “normal” life. Think, “How can I make my instructions as clear as possible, so it takes the least amount of time for my team to react? And do I need to take some extraordinary measures to make this happen?”

### USING INSTRUCTIONAL DIAGRAMS

An organizational or flow chart is a highly effective tool for communicating the flow of information within a group. Any kind of instructional diagram

you create will add to understanding, *so long as it is clear*. Do not assume a drawing alone will suffice; add descriptive text as a guide, because people process information differently. Share your diagrams with others first to obtain critical feedback, and remember to review them—as things change over time.

**NOTE:** The next four actions are related. They will serve to (a) describe the internal hierarchy of your business and (b) using the same model, present the hierarchy of your emergency backup team. Both will serve to enlighten and educate people about their roles within a larger framework. *Merriam-Webster* defines *hierarchy* as “a system in which people or things are placed in a series of levels with different importance or status.” By having these distinctions made clear, people within a group will be better able to understand their roles as they relate to everyone else. A lack of such organization can quickly lead to chaos.

**Action 1.** Using a draw program or other illustration tool of your choice, create an organizational chart that defines the **hierarchy of your business** as it exists today. Start with yourself, and draw lines of authority both formal and informal (who reports to whom, etc.). Include your employees (if any), suppliers, clients, and anyone participating in the daily activities of your business. Note each person’s key function and responsibility. Be as detailed as you need, but keep things easy to understand.

**Action 2.** In words, describe the **hierarchy** of your business, and how it is structured. Use the organizational chart as a guide. Go back and forth between the written and illustrated versions until they are consistent with each other and paint a clear picture.

**Action 3.** Create an organizational chart that defines the **hierarchy of your emergency backup team**.

Draw lines of authority both formal and informal. Display each person’s primary function and responsibility. Be precise, but allow for some flexibility among your team members. Too much rigidity can throw road blocks, when it’s crucial for swift action.

**Action 4.** Now, briefly explain the **hierarchy of your backup team** *in words*, using the organizational chart as a guide. Go back and forth between the written and illustrated versions until you are satisfied that both versions are consistent with each other, and spell out roles and responsibilities with exactness.

**Finally,** make copies of the flow charts for everyone on your backup team. Post them in your workspace for all to see.

## STEP EIGHT

# Back Up Your Data

**I**magine the following scene. You've just experienced a serious crisis that removed you from the business. Everything you value is left in the hands of your emergency backup team. Think ahead now. What hardships will they face if there's a security breach on their watch, and you have not provided them with adequate safeguards? Have you taken care to protect sensitive data and physical valuables, so they will not be compromised or stolen?

The Internet is full of dangerous people trying to take control of your records, your financials, your passwords and anything else they can get their electronic hands on; and don't forget the thieves who prowl business parks and homes in an attempt to steal your computers and other physical valuables. This exercise will make you aware of the holes in your armor, and help you take preventative action that will shield your business from such blatant thievery.

**Action.** Review Chapter Eight, "Backing Up Your Data." What have you done so far to protect your business from a sudden loss of information through theft, a malware virus, or a system collapse? Write down your answers after each of the following questions.

1. Do you have an alternate source for Internet access and e-mail, in case your main computer crashes?
2. Do you know what steps to take in the event of a computer crash? (This event may be caused by an error in your computer, but it can also be the result of a virus.) Write them down as instructions for your team.

3. Have you spoken with your Internet service provider to learn what steps to take if there's a system failure and how long until you're up and running again? Write them down as instructions for your team.
4. Have you prepared instructions for your backup team in the event they experience technical difficulties as a result of a virus?

**Action.** Gather and post phone numbers for:

1. Your Internet service provider
2. Your computer manufacturer's tech support
3. A local computer repair person you know and trust.

Tape these numbers to your computer, or better yet, create a *paper* file folder (in case of a system failure, you need a hard copy) entitled, **Computer Security and Backup Instructions** and make sure your team knows where to find it.

**Action.** In writing, explain what methods you use to back up your data—such as:

- Internal hard drive
- External hard drive
- Offline file storage such as flash drives or other
- Secondary computer
- Cloud
- Other file retrieval system

Place this information in the “Computer Security and Backup Instructions” folder and use it during training sessions.

**Passwords.** Do you have a paper copy of your passwords (remembering your computer may be down), including the password to turn on your computers? Passwords are critical for your team during an emergency. Be sure they are current, and include them in the “Computer Security and Backup Instructions” folder.

**Virus Protection.** Having good antivirus protection, doing regular security updates, and doing regular and consistent backups will go a long way in avoiding the pain of lost data.

- What type of antivirus program do you use? Do you understand all it provides?
- How often does your antivirus program scan your computers?
- Do you have a firewall?

- Do you get regular security updates? How often?
- Establish a routine for backing up your data and put it on your calendar.

## SAFEGUARDING VALUABLES

*Some items are irreplaceable. Protect them.*

**Action.** Review “Safeguarding Valuable Items” in Chapter Eight, and then answer the following:

- How do you protect your valuables?
- Do you use a *safe deposit box*? List all items kept in your safe deposit box.
- Who is authorized to open your safe deposit box, besides you?
- Do you use a *fireproof safe*? List all items kept in your fireproof safe. Whom have you designated to access its contents, and do they know where to locate the key?
- If you do not use a safe deposit box or fireproof safe, would it add a level of security to your business to have one or both?

**Your credit cards are valuable items and must be protected.** If any of your credit cards are lost or stolen during an emergency, your team will need to cancel them by contacting the credit card companies and financial institutions that issued them.

**Action:** Write the names of your credit card companies and your account numbers on a separate document and put it with other important documents accessible to your team. Call your credit card companies (and banks if you use their credit cards), and review their security policies. “Chip Technology” adds an additional level of security to your card transactions when used at chip-enabled terminals. Choose the companies with the highest level of security.



## STEP NINE

# Keep the Business Safe

**W**e live in a global society where cyber crime, identity theft, and Internet scams have added a whole new dimension to keeping our businesses safe. Solopreneurs are especially targeted because we don't employ expensive IT departments. Therefore, every precaution must be taken by the solopreneur to keep abreast of the latest methods criminals use, and to exercise constant vigilance. Know the signs that bear "red flags" and educate yourself; learn about all the ways in which cyber crime is evolving. New scams are occurring every day, each one more sinister than the last.

Having adequate virus protection is your first line of defense, which we covered in the previous step. Acting with caution when opening e-mail, monitoring the Web sites you use, and securing sensitive information including credit cards are actions that will help keep your business safe from the growing threat of cyber crime.

In this exercise you'll be asked to complete a number of tasks that will help keep your business safe from cyber crime. Provide as much protection for your team as you can. Many small businesses have been taken down permanently, after just one incident.

**Action.** Review Chapter Nine in Part One, "Keeping Your Business Safe"; then turn each of the following questions into an action step. Put each step on your calendar, set a date for getting it done, and hold yourself accountable.

- Is your virus protection software adequate and up to date?
- Do you monitor your credit report twice yearly?

- Do you have a written record of your credit card accounts with each company or bank's name, password, pin number, and phone number in a secure location, known by someone on your team?

Have you:

- invested in a high-quality crosscut shredder?
- secured your physical mailbox from thieves?
- changed your passwords recently and often? talked to your bank and credit card companies about increased security?
- emptied your wallet of extraneous credit cards and sensitive information?
- prepared a nondisclosure agreement for your team to sign?
- prepared a noncompete agreement for your team to sign?
- shredded documents containing you SSN, or put them in a locked place?
- avoided using social networking for sensitive or possibly incriminating data?
- logged off from your computer every night? This may involve resetting your computer updates.
- instructed your team NOT to open e-mail attachments of dubious origin?
- routinely rid your computer of cookies?
- placed all financial information under lock and key?

**Copyright and Trademark.** These laws will safeguard your company's written and illustrated materials against infringement.

**Action.** Consider the next set of questions and whether action is appropriate for your business.

1. Have you protected your authorship, including online and printed books, blogs, and professional articles through **copyright**?
2. Have you protected principal words, symbols, or designs through **trademark**?
3. Have you written a **noncompete agreement** to be signed by *everyone* who has access to classified material they could use to start their own business?
4. Have you written a **nondisclosure agreement** to be signed by *everyone* who has access to confidential material, such as new products prior to licensing, or certain trade secrets?

**Action.** Go to [www.score.org](http://www.score.org) and download their "Ten Step Security Checklist."

It is vitally important to keep your business safe, which becomes even more complicated if your survival team is victimized during your absence. Protect yourself and your business by taking preventative action now, before disaster strikes. One incident of cyber crime could ruin you financially, possibly for life.

## STEP TEN

# Plan Your Exit Strategy

**T**his is not an exercise in how to sell your business, but rather to help you develop a plan in case your crisis is of such magnitude that an exit strategy is the only option. Every business needs a succession plan. Your ultimate objective is to save the business from total extinction and leave something of value for yourself and for those who depend on you. Don't get caught in a situation where hard decisions must be made, and you have no good choices.

Do you have an exit strategy in place? If not, do some research using this exercise as a first step.

**NOTE:** Your exit strategy is one that covers all circumstances, including an emergency shutdown.

**Action 1.** This is a writing exercise. Write down the pros and cons for each of the following strategies. The process of writing will bring thoughts closer to the surface, allowing you to examine them more closely.

1. Close the business down
2. Sell the business outright
3. Hand over to a family member
4. Be acquired
5. Merge

**Action 2.** Assign each one a numerical value—10 being most desirable and 0 being the least desirable as an exit strategy for you. Explain your reasoning in writing, next to its assigned value.

**Action 3.** Now that you've chosen an exit strategy, write it down in detail. You might want to have two choices, in case one doesn't work out. This way, you'll have a Plan B.

**Action 4.** Give copies to your agents, executor, backup team, and anyone you've assigned to carry out your wishes if a crisis becomes extended or permanent. Naturally, you should include this exit strategy in your business plan as well.

## DETERMINING THE *STRATEGIC VALUE* OF YOUR BUSINESS

The definition of *strategic* is a plan of action designed to achieve a major or overall aim.

The strategic value of a business can be calculated by presenting the current net value plus any future stream of earnings that the business in its own right could generate.

Have you positioned your business so it has obvious value to a potential buyer? This will be important information if the emergency calls for a shut-down and thus, a sale. This will help prevent the business from being sold under value or worse. Presenting your business in the best light possible will facilitate a more gainful value for your business if and when the time comes to sell.

**Action 1.** What have you done so far to add value to your business? Consider how you can increase its strategic value by incorporating the following tactics. Write down your answers and include any other actions you've taken.

- Expansion
- Acquisitions
- New products
- Plans for growth
- Eliminating competition

**Action 2.** What is the strategic value of your business? Write it down, with the aim of offering it to a future buyer.

**Action 3.** Do you know any companies that would benefit from acquiring your business or in partnering with you? Create a list. Then make contact and form a relationship.

## **DETERMINING THE *AUTHENTIC* VALUE OF YOUR BUSINESS**

Synonyms for *authentic* are true, certifiable, official, and completely above board.

All business owners need to calculate what their business is *actually* worth—for the purpose of a sale, estate planning, or obtaining a loan. Another important reason for calculating the real value of your business is in planning an exit strategy. You'll need a professional appraiser to put a price on your company; but first understand the basic process and prepare your best estimate. You need to know the authentic value of your business.

**Action.** Refer to the material in Part One, Chapter 10 about determining the value of your business. Then evaluate the following three most-common valuation techniques and note which, if any, you have used. If you have not placed a value on your business, try using one of these valuation techniques to come up with a reasonable figure.

1. Rule-of-thumb valuation
2. Asset-driven valuation
3. Industry average valuation

For a complete and thorough valuation of your business, consult a certified business appraiser.



## STEP ELEVEN

# Build a Network of People

**A**reliable network of people is vitally important during an emergency and on into recovery. The key is quality contacts, not quantity—and that means taking the necessary time to create meaningful relationships. Remember that the primary goal of networking is to help others without expecting anything in return. During this exercise we'll be reviewing ways in which to build a quality network, including:

- Your past networking experiences
- Networking goals for the future
- Strategic planning
- Valuing other people
- Mentoring
- Beyond crisis—your recovery network
- Using an intranet network

**Action 1.** Review Chapter 11 in Part One, “Building a Network of People.”

**Action 2.** Answer the following questions in writing. This will serve as a review of your past experiences, and prepare you for thinking about a network in a new way.

1. What experiences have you had with networking?
2. List the positive aspects of your networking experiences.
3. List the negative aspects of your networking experiences.

4. What would you do differently now, given another chance to network?
5. What kind of network would be most beneficial to your business?

## HOW IS YOUR NETWORK DOING?

Is it working for you? Are you taking the necessary time to nurture business relationships? The following questions should spur you on to rethinking how you use your business and personal network, and if it's time to make some changes.

**Action.** Using the questions as a guide, write a brief overview of your current networking experience.

- Do you have a personal and business network of people? These are people with whom you have frequent contact, if not daily at least weekly.
- How many people are in your personal network? Your business network? How do you keep in touch with people in your network, both business and personal?
- Are you good about keeping up with your business network?
- How has your business network helped you so far? Or, has it not helped? Could it be you are not doing good follow-up?
- What can you do to improve your relationships?

## BUILD YOUR NETWORK THROUGH SERVICE

Have you considered mentoring as a way to build your network, while helping others at the same time? Mentoring is a win-win, and can be life changing for everyone concerned. There are many kinds of service, offering a wide range of benefits. Successful solopreneurs use mentoring and service as ways to generate good will and build community—while getting them out of a somewhat isolated work environment. Connection is a basic human need, and essential for our survival as people and institutions.

**Action.**

- List areas in which you would enjoy being a mentor, or being mentored and how this will enhance your business network.
- Do you have a leadership role or serve on committees in professional, volunteer, or trade organizations? If you answered *No*, would you like to do more networking through service, and what are some options?

### **Increase Your Network by Blogging**

- Do you blog? If you answered *yes*, think about how you use your blog for networking. If you answered *No*, what is your plan for writing a blog? How will you use it for networking during a crisis?

**Action.** Now go out and build a quality network and find ways to keep in contact. Review the results and make it a conscious effort to increase the value of your network, by being of value to others.

Remember, without a network of quality people, your business cannot survive a crisis.

### **CONSIDER AN INTRANET NETWORK**

Before deciding if this is something you want to pursue, review some of the services an intranet network will provide for your backup team during an emergency, such as:

- A company database your team can use to retrieve and update information
- Access to company policy and standard operating procedures
- Organizational charts and flow charts, showing lines of authority
- Telephone and e-mail directories your team can use
- Technical support and help desk for your team
- Security and computer backup instructions
- Broadcasting emergency procedures
- Publishing newsletters and updates during a crisis

An intranet network will also serve as a place for you to follow your team's activities if you are in the hospital, or anywhere else offsite. It can provide:

- Calendars to track daily activities
- Meeting minutes
- Sales and marketing reports
- Pricing lists
- Order entry and inventory tracking
- Accounts payable and receivable
- Expense reports
- Knowledge repositories

**Action.** Set aside a block of time to research the benefits of an intranet network. Write a summary of all the ways in which you would use an intranet network during an emergency. It will serve you well, whether or not there is a crisis.



## STEP TWELVE

# Test and Implement

**Y**ou've built a comprehensive emergency plan and enlisted a backup team who will manage your business during a sudden crisis. You've examined all the risks and evaluated your state of readiness, taking measures to build a wall of safety around your business. Now it's time for testing the system you've constructed during weeks of tireless effort. You're to be congratulated for past achievements, but the question is this: *will your plan work when put to the test?*

**Action.** Gather up your team and use these *10 guidelines for testing*, as you test and implement your emergency plan.

1. Create emergency test cases through brainstorming.
2. Number and name these emergency test cases.
3. Write down a detailed description of each emergency test case.
4. Write down all possible results of each emergency.
5. Document all possible actions that need to be taken to prepare for the emergency.
6. Test the outcome for each action, and give it a pass/fail.
7. Document the pass/fail episodes with remarks.
8. Continue until you have covered as many test cases as you can.
9. Write a closing summary with related requirements for action steps.
10. List action steps with deadlines for completion.

**Action.** Implement your emergency backup plan. (Note): To *implement* is to put a decision into effect.

- Perform an actual dry run of emergency situations with your survival team.
- When you've decided which tactics work best, implement them into your emergency backup plan.
- Test, evaluate, and practice what works, until every aspect of your emergency system runs like a well-oiled machine.

**Action.** Practice, practice, practice.

Involve your backup team in practice drills on a regular basis. Once is not enough. People forget; your team can change. It is absolutely essential to practice until everyone understands exactly what to do without wasting precious time.

## EMERGENCY CONTACTS

Don't leave home without them.

**Action.** Put a list of emergency contacts in your wallet. These are the people who will be contacted first, if you suffer a serious illness or accident.

- State three emergency contacts in order of priority.
- Can these people offer immediate assistance?
- Do they know they are to be contacted and what is expected of them?
- Ask their permission to serve as a contact.

## IN SUMMARY

Testing, evaluation, and implementation are the three keys to a successful emergency backup plan. You can prevent a single crisis from becoming a disaster by having a plan that works; and the only way you will know that it works is through rigorous testing.

This is the final step in building an emergency plan for your business, and without testing and implementation nothing else will matter. You could work through all the previous action steps and fall short, if your plan fails to perform during an actual emergency. Theory is not a substitute for actual practice, so don't stop short.

# Resources

AARP: American Association of Retired Persons, [www.aarp.org](http://www.aarp.org)

Agility Recovery, [www.agilityrecovery.com](http://www.agilityrecovery.com)

American Cancer Society, [www.cancer.org](http://www.cancer.org)

The Better Business Bureau, [www.bbb.org](http://www.bbb.org)

CDC: Centers for Disease Control and Prevention (National Center for Health Statistics), [www.cdc.gov](http://www.cdc.gov)

*The Charlotte Observer*, [www.charlotteobserver.com](http://www.charlotteobserver.com)

CIMIP: Center for Identity Management and Information Protection, [www.fbi.gov/](http://www.fbi.gov/)  
CNN, [www.cnn.com](http://www.cnn.com)

Entrepreneur, [www.entrepreneur.com](http://www.entrepreneur.com)

*The Entrepreneurial Mind* (blog), [www.drjeffcornwall.com](http://www.drjeffcornwall.com)

Family Business Institute, [www.familybusinessinstitute.com](http://www.familybusinessinstitute.com)

FDIC: Federal Deposit Insurance Corporation, [www.fdic.gov](http://www.fdic.gov)

FEMA: Federal Emergency Management Agency, [www.fema.gov](http://www.fema.gov)

Forbes, [www.forbes.com](http://www.forbes.com)

The Gallup Poll, [www.gallup.com](http://www.gallup.com)

Global Entrepreneurship Monitor, [www.gemconsortium.org](http://www.gemconsortium.org)

Internal Revenue Service, [www.irs.gov](http://www.irs.gov)

National Center for Health Statistics, [www.cdc.gov/nchs/](http://www.cdc.gov/nchs/)

National Safety Council's National Rankings, [www.nsc.org](http://www.nsc.org)

NFIB: The National Federation of Independent Businesses, [www.nfib.com](http://www.nfib.com)

Nolo, “Law for All” Free Legal Information, [www.nolo.com/legal-encyclopedia](http://www.nolo.com/legal-encyclopedia)

NSBA: National Small Business Association, <http://www.nsba.biz/>

SBA: The U.S. Small Business Administration, [www.sba.gov](http://www.sba.gov)

SCORE: Service Corps of Retired Executives, [www.score.org](http://www.score.org)

U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

U.S. Census Bureau’s Statistics, [www.census.gov/econ/smallbus.html](http://www.census.gov/econ/smallbus.html)

USLegal, Inc. (forms, free information, and help), [www.uslegal.com](http://www.uslegal.com)

*Zen and the Art of File and Folder Organization* (blog), [www.howtogeek.com](http://www.howtogeek.com)

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