IS STARTING A BUSINESS FOR ME?

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Introducing Entrepreneurial Potential:

A Special Guide to Starting Your Own Business

IS STARTING A BUSINESS FOR ME? (PM)

Welcome to the thrilling journey of turning entrepreneurial business dreams into reality!

Here follows a special summary of wisdom, prepared for you by a collection of proud BOMA Fellows - each who have been in your shoes and understand the unique challenges and opportunities that come with managing properties and fostering vibrant communities. Now, imagine channeling that expertise and passion into your very own business venture.

This is not a typical formal report, instead please think of it as a special guide crafted with real examples from those who each dared to take the leap into entrepreneurship. Whether you are fueled by a ground-breaking idea, a desire for financial independence, or the pursuit of a passion project, we have compiled insights, tips, and experiences to help you answer the burning question *"Is starting a business for me?"*

Embark on this enlightening journey with us, where we bring life to the entrepreneurial world and provide you with practical guidance to navigate the twists and turns of establishing your own enterprise. From initial ideation to overcoming hurdles, the pages ahead are simply designed to inspire, inform, and equip you with the tools needed to thrive as a business owner.

If you are curious to transform your aspirations into achievements - please step inside to explore the exhilarating world of entrepreneurship.

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WHAT AM I GOING TO DO?

Discussions with family and friends (SH)

As you decide to start your own business, it is important to include family and friends in the decision. These important people may be those immediately impacted by the financial decision, and their support is critical. Or they may be close friends who will be on the receiving end of conversations and responding to any ups and downs as you go through the opening stages of your business. The second example are the people more able to provide an objective perspective on your decision. Are they prepared to be a silent partner in your journey?

You have probably provided some preliminary information to your family/friends about starting your own business so this should not be a complete surprise, but before you make a final decision, present your business plan to them as a discussion starting point and then keep these questions in mind:

- Are we able to sustain our standard of living without one consistent income?
- Are we able to risk the upfront capital?
- Will I have your support as I go through the ebbs and flows of a business?
- If working from home, will you be concerned with my presence and need to maintain business hours?

Was your job dissolved? Should I consider this? (BH)

What happens when you currently work for an employer and have no intention of leaving, but your job is dissolved and the decision on whether to get another job or go into business for yourself is forced upon you?

As Dr. Spencer Johnson points out in his book “Who Moved My Cheese?”, one should always have an exit plan, a Plan “B” if you will, because you never know what may happen. It is not uncommon for people who are working a regular job to go ahead and form a company which they can then use for contracts outside of their regular work, such as consulting or teaching.

Consider what type of business entity you wish to set up whether a corporation, LLC, sole proprietorship or other. Consider what website names are available as you determine your entity name. This will affect your email address as well, so length of name might be a consideration. Having these things already set up will ensure a smoother transition for you, from employed to unemployed.

Having an entity set up and an entity email set up will make your transition faster and easier. It will allow for an easy fallback position to at least pick up a few contract jobs while you are looking for other employment. This is one way to ‘test the waters’ to see if entrepreneurial work is the right fit for you. Should you start to pick up outside jobs, do not forget to consider what type and amounts of insurance you should carry to minimize your liability.

Many people find that going into business for themselves takes a few years to achieve the income they received from their employer, once you consider taxes, health insurance, etc., but they also find it very rewarding. But, going into business for yourself is not for everyone, and many other people find themselves going back to working directly for an employer, after trying this out for a few years. There is no one-size-fits-all, and it is an individual preference.

Are you sunsetting in your career, but still wish to work? (BH)

As many people have found out, this is a wonderful position to be in. Perhaps you really wish to no longer work 40+ hours every week and have the level of responsibility that you currently bear. And, as you get older, your employer wants to know what you have in mind regarding retirement, but they cannot ask! Depending on your situation, you might wish to have a conversation with your employer and point out that you still wish to work, but would not mind cutting the number of hours you currently work each week.

Maybe you wish to stop leading a team and simply hands-on manage a property for your employer. Maybe you wish to work 30 hours a week so you can still collect benefits? Perhaps you wish to work only 10-20 hours a week and do not mind being a 'filler' for your employer. There are many ways to handle the workload and your employer when you have a good relationship with them.

Another avenue might be to work directly for an owner, even if the owner only has (1) asset in your market. Especially if this is an owner who likes to self-manage, but cannot justify a full-time employee, a part-timer might be a perfect fit for both parties!

Determine how many hours each week you wish to work before you approach your employer or a direct owner. Make sure you know what you need and what you want so that you can craft your sunsetting in a fashion that works best for you.

If money is not a factor, there are many opportunities within the CRE market as volunteer or as a teacher. Your BOMA local has a need for committee members and there are companies that might be interested in a part-time mentor of their employees.

Speak with others who have successfully done this and you will gain other ideas as well. With so many baby-boomers starting to retire, there are many opportunities to back-fill work positions at companies.

What services should I consider offering? (JM)

Make a list of all the things you do (or have done in your career), then think of those things you can "monetize." Remember, not all the things you do can be monetized. Envision those tasks or projects that companies might not have expertise in or require additional resources they do not have when they arise. Some examples may be: operations manuals, process enhancement, due diligence assessments, leadership development, etc.

Next, use that list to identify the three to five things you love to do and would do for free if you could. You will only get a brief period to respond to the question, "what is your offering?" You need to lead with the things you are passionate about and are a recognized expert in. All the other things are follow-up discussions.

Networking is the key! Call and talk to everyone you know who has transitioned to an advisory/consultancy practice. They will let you know about other things you can offer that you might not have thought about. For me, I have never done expert witness work, but certainly am qualified and would find it interesting work.

Be prepared to be surprised! While you are networking, instead of telling people what you offer, ask them how they perceive you in the industry. We tend to see ourselves in a certain light, and others may have a different view. Remember, they will buy from you what they believe you can deliver. Look at your offerings from their perspective, so don't limit yourself! In the first week of my Advisory practice, I was contacted about offering a service I didn't have on any list! In the first few months, three firms engaged me in that area, and I am now expanding that line of work.

Who are my most likely customers (JM)

You will not know till you talk to everyone! Networking is the key! Reach out to all your contacts, inside and outside the CRE industry. Although you may have a target "customer type" you have zeroed in on, you will be surprised where leads come from and how diverse your clients will be. It is also beneficial to have a "referral list" of other specialists who provide services that you do not. They will be your customers as they will gladly pay you a referral fee for the business. Do not try to provide services that you are not actually for your recognized expertise. Do not outsource work and then present it as yours, as it is better to make a referral to an actual expert and get compensated by the provider.

Do not limit yourself as some of your offerings are applicable to a wide range of industries. Leadership development, as an example, can be applied to any industry or organization, however, roof inspections are obviously relevant to the built environment only.

How do you measure success (KM)

Success can be measured in many different ways, but first, you need to define what success means to you. A few performance indicators of success include, earning $xxx in annualized revenue, building a firm with a capital value of yyy, or working when I want for who I want are three common measures of success. Defining what success means to you will be a fundamental component of your business plan and should be confirmed well before you decide to start your own business.

Preparing: Financially and Emotionally to Start a Business (SH)

At times a 40+ hour a week job brings extreme stress and frustration due to the nature of the profession as well frustrations due to the limitations as an employee which may reduce the level of control a person has over outcomes. For some people, the stress can be motivating and the limitations can be challenging, but for others the stress can be debilitating and limitations maddening. Throughout your career you have developed skill sets, interests, expertise in many different areas which you love to practice, but the stress and frustrations are taking over the job you love.

Starting your own business provides an opportunity to do the things you love (and are skilled to do) without the lack of control, but you need to consider the financial risks of walking away from a steady, reliable income and the ramifications of being away from the people you work closely with, the alienation you may feel (whether justified or not) by not being in the center of things, and the real possibility that “out of sight, out of mind” really means just that. Let’s go over the financial and emotional risks of starting a business.

- **Financial Risk**: This is obvious. You take the chance that you will have clients to sustain a certain level of income. Before you quit your job or if you lost your job for some reason and choose not to look for another one, but start your own business instead, you be prepared to go months without income, and be aware of the up-front costs you need to even get started. If you are “retiring,” will your savings, pension, or social security sustain you as you start your business?

The following table provides a list of some of the costs you will need to consider along with a range of expenditures. This is not an all-inclusive list, but provides a good basis for planning.

Start-Up Costs	**Range - Estimated**
Technology Hardware & Software	$7,000 - $10,000
Work Applications (Dropbox; ZOOM)	$500 - $1,500
Website: creation and web administration	$5,000 - $20,000
Office supplies/business cards, printer,	$1,000 - $2,500
Insurance	$1,000 - $3,000
Office space (it not using kitchen table) (annual cost for lease)	$3,600 - $5,000
Attorney	$1,000 - $2,000
Accountant	$500 - $750
Miscellaneous Expense	$1,000 - $2,500
Estimated Range: Total Start-up Costs	**$20,500 - $47,200**

Some of these costs are ongoing annual costs, such as insurance, accounting, website administration, etc. and perhaps BOMA affiliate dues, and should be considered when preparing your business plan. Most new businesses operate at a loss for at least the first year and likely two or three years. Your business plan should also include an annual level

of capital infusion as your business is building and, alternatively, it is best to have a limit of capital investment set as part of the plan as a gauge to possibly move in another direction

- **Emotional Risk**: You may spend hours at first getting your office set up, your website developed, business cards, etc., but then what? You may have clients ready to give you work, but what is their timing to sign an agreement? The most likely scenario is that you are waiting for your first project. You are used to working 40+ hours a week, and now you are working 10 or 20 or less – whether it's maintaining contacts or taking potential clients to lunch, it is difficult to fill the time. Preparing for downtime after you have been on the go for decades may be your most difficult adjustment. Consideration must be given to balancing business development, (the need to maintain contacts and human connections), with doing nothing, (especially if you don't have hobbies or other activities).

Not everyone is the same in this area. Some will need to work consistently while others are able to maintain work levels and downtime to suit their financial and emotional personalities.

Developing a business plan (KM)

When developing a business plan, it's important to keep in mind its primary purpose is to help identify a clear and deliberate set of next steps for your business. A business plan does not need to be extensive but does require thought, research, and consideration for resources needed. A well-crafted business plan will identify areas of weakness prior to launching and will identify unknowns and gaps where you will need assistance. Traditionally, its primary purpose is to assist in attracting investors or obtain financing but they have become common for individuals considering starting up a small business to help stay on track, consider their target market, depth of market, organizational structure, financing resources needed and projected income, how you plan to market your services, and how you plan to exit the business.

The sections to be covered would typically include:

- **Executive Summary**: Should be written last and be brief touching only on the key elements of your business plan

- **Business Concept**: Who are you, and what services/products do you intend to deliver. Consider what your core values are for your business and how you want the world to see you even when no one is watching. It will guide you through decisions in the face of alternative pathways to earning greater profits or win more customers.

- **Market Analysis**: Who is your customer, how large is your target market, your position in the market, and the competitive landscape providing the same or similar services. Use your market research to guide your ideas and vision for the firm. Consider 1) who you are selling to; 2) what is the demand for your service; and 3) who else is doing the same thing?

- **Outline of Management and Organization**: Who is running the firm and detail the legal structure of the business. If it's a team running the new business, include an organizational chart with duties and responsibilities for each role.

- **List of Products and Services**: While many components of the business plan will outline your products and services, it is important to dedicate a section on what are your core products and services being offered. Ensure you tie your services back to your market analysis.

- **Customer Segmentation**: Defining your ideal customer (aka target market) is a critical step required to formulate an effective marketing plan for your business.

- **Marketing Plan**: How will you market to your ideal customer? Consider who are your current champions and sponsors that will give your credibility in the early

stages, what your digital presence is required to attract customers, and what resources are needed to execute your marketing strategy

- **Logistics and Operations Plan**: This section will outline the workflows you'll need to implement in order to bring your business to life. This would include activities such as engaging a solicitor to help with the legal structure, bookkeeper/accounting to help with setting up your financials, executing your marketing plan, equipment required, and what if any suppliers or sub-consultants needed to deliver your service. You will see a number of helpful tips and suggestions in other areas throughout this guide.

- **Create a Financial Plan**: Every financial plan should include:

    - income statement - used to show revenues and expenses with profit being the outcome for a defined period of time,

    - balance sheet - defines the assets (what you own), liabilities (what you owe), and is used to determine the shareholder equity at a point in time, and

    - statement of cashflows (similar to the income statement but demonstrates *when* income is earned and expense incurred to create a clear picture of cashflow over time).

Some additional tips when you are drafting your business plan for a small business include:

- Know your audience: Who is going to read your business plan

- Have a clear goal: Having a clear well-articulated goal is particularly important if you are using the business plan to attract investors or obtain financing.

- Invest time and effort in the research: Use the research to validate your ideas and vision. It's critical to use independent sources that will provide an unbiased perspective on the depth of the market, target customers, and likely success of your marketing plan.

- Keep your business plan short and to the point.

- Consider using a business plan template. It will help you stay on track and help guide you through the process.

The most common mistakes made when starting a business is not having an exit strategy for when you want to wind down, not having proper financials, and having an unbalanced management team.

What is my skillset? (GG)

There are numerous platforms available to assist you and your team in identifying your skillsets.

One platform I highly recommend is CliftonStrengths.

The Gallup Organization utilizes CliftonStrengths to help individuals maximize their potential personally as well as professionally.

The hour-long assessment asks 177 paired statements asking the individual to choose the ones that best describe them.

After completing the assessment, the individual receives a customized CliftonStrengths report and guide. As someone who has taken the assessment, it's filled with a lot of "aha" moments as you experience new ways to understand what makes you so unique.

Once you know your strengths, it's time to aim them at anything that comes your way.

Many of us believe we know our strengths, but do we? How about our "blind spots"? For example, my number one strength per CliftonStrengths is "Achiever". I like to accomplish a lot and get things done. However, the associated "blind spot" is that I believe everyone should want to achieve and get things done at the rate I do. This is not realistic, counterproductive and doesn't help develop relationships or a team.

Another great benefit of the CliftonStrengths assessment is having members of your team take it as well. Once they complete the assessment, team members can share their results with one another. This allows everyone to know their colleagues better and helps grow the team exponentially.

The leader of the team can then chart the strengths of the team and determine the areas where the team is strong and where it needs different skill sets. For example, if you have a team comprised of numerous "Achievers" and nobody who is "analytical", that is a gap that needs to be addressed to ensure overall success.

How much capital should I put into the business? (GG)

The capital investment decisions depend on a few factors, the most obvious being, how much capital do I want to put at risk as part of investing in my business. Broadly speaking, the lower the amount of capital invested in the business the more “fee for service” oriented your business will be, largely depending on knowledge and expertise to deliver results. While this can provide a steady reliable source of income, unless you are willing to add considerable resources in the form of people and technology, the value of your firm will be directly tied to your expertise and capacity. Adding capital to the formulation of your business has the potential to create value within the firm that is no longer directly limiting your capacity and capabilities. As an example, the ability to co-invest in real estate projects with clients will build both the capital value of the firm and the fee generating potential beyond your specific capacity.

Time is also a consideration as investing capital in your firm often takes longer to generate meaningful income streams than simply selling your expertise as a service.

The final consideration in deciding putting capital into your business is your growth aspiration. Growing a business in a slower organic method will allow for lower initial capital investments as income earned through the selling of your services can be reinvested in the business to grow through the addition of people, technology, and products offered. To accelerate growth requires direct capital investment in advance of the income.

So, are you ready? Go or No-go. (SH)

Answering these questions may help to determine if you are ready:

- Have you created a reasonable business plan for a start-up and created goals to gauge success?
- Have you decided which skills you will focus on and their marketability?
- Do you have good relationships in the industry?
- Do you have the support of your family and friends?
- Are you able to withstand changes in personal financial conditions?
- Have you considered how you will balance downtime with other activities?
- Are you able to work alone without the support of other professionals in the same environment?

You can create your own gauge of acceptable yes/no answers to determine readiness. Some may need to answer “yes,” to all, while some will feel comfortable with 50%. While the importance for each financially and/or emotionally focused decision will be different for each person, it is important for you to also understand your own risk tolerance and financial limitations, if any to help you make the decision to “Go or No-Go.”

HOW AM I GOING TO DO IT?

Selecting a legal entity for your company (GW/GG)

In our modern world, formation of a legal entity provides liability protection to a business owner. Organizing a legal entity must not be complex or expensive, but it needs to be done correctly and it needs to be done with a consideration of the tax consequences of your entity selected.

Historically, businesses have been operated either as a sole proprietor, a partnership, or a corporation. The rationale for each entity was historically dependent upon the complexity of the business, its manner of capitalization, and its governance. Today, the choice of entity type is driven by your desired tax treatment and the ease of administration.

It is common for providers of professional services to form partnerships reflecting the financial and governance equity that the owners bring to the business. Partnerships are inherently personality-driven and, as such, pose a risk to individual members and to potential parties with whom contracts are entered into. As such, it is customary for each partner to have to individually guaranty the debts and obligations of the partnership. Limited liability partnerships have become common means in many states for the provision of professional services, providing additional statutory liability protection to its members.

The most common type of legal entity for small businesses in the United States has become the limited liability company. Every state in the United States has adopted the limited liability company as a permissible form of business. The limited liability company has liability protection for owners found in corporations while typically providing tax treatment like a sole proprietorship or partnership. The process for organizing limited liability companies is usually very simple and its administration is easier than found in a corporation.

There are some drawbacks to limited liability companies. Some states have somewhat higher tax or registration fees that are charged annually to limited liability companies, that are above and beyond the taxes paid by the owner. Additionally, limited liability companies, being a creation of state, can law prove challenging if you have international dealings or clients. However, depending upon the type of work that you are doing, how you are compensating yourself, and certain other elements, there may be a benefit to forming a corporation or being taxed as a corporation. The preferred way to proceed is the formation of an LLC – so there is an entity (even as a start-up). While individuals needs vary, if you organize as an LLC and you are actively engaged in the company's operations then, it is recommended you "Elect Subchapter S for tax purposes." The S Corp advantage is that you only pay FICA payroll tax on your employment wages. The remaining profits from the S Corp are not subject to self-employment tax or FICA payroll taxes. Those profits are only subject to income tax. There is nothing wrong with corporations, however, they require greater formalities including having annual meetings that make it more expensive to form than an LLC.

Your attorney will help you organize the entity, but deciding what entity to form will be the most important discussion you will have with your accountant. They will help you determine what entity is appropriate for your business. Some questions that you should ask are:

- Based upon my current personal tax return, is there a benefit to a specific business entity?
- What are the state and federal tax implications of my potential business?
- What tax considerations should I be considering?
- What additional accounting or other costs will a specific entity incur?
- What accounting or bookkeeping measures do I need to implement?
- After we organize this entity, what additional and potentially annual actions do I need to take?

Work on contract vs contracting through a corporation (GG)

It is important to understand that there is a significant difference between 1099 Independent Contractors and W-2 employment on contract basis, who are often referred to simply as contractors. Independent Contractors are truly independent. No one is paying the employer's share of taxes such as Social Security and Medicare. They are not protected by Workers' Compensation or Unemployment Insurance. They do not have access to employer-sponsored benefits plans. In a nutshell, they are like an independent business providing a service to another business.

All too often, workers are slapped with the label "independent contractor" so that the company they are working for can avoid paying taxes and other employment costs. But in reality, those workers are performing the same work and are expected to abide by the same policies as full-time, regular employees.

Contractors are different. They are W-2 employees working on a contract basis, meaning that they are usually hired to work on a specific project or for a specific amount of time. Companies often hire on a contract basis because they have work that needs to be completed, but they don't want to permanently add to their headcount.

The major difference between those contracted workers and independent contractors is that the contractor workers are actually W-2 employees, but they are employed by a staffing agency, or an employee leasing firm instead of by the company they are performing work for. There are many benefits of being a contract employee. By using contractors in this sense, the company can still avoid many of the costs, administrative details, and hassles that come with hiring permanent employees while not exposing themselves to the risk of misclassifying someone as an independent contractor.

Staffing your enterprise: employees or contractors (GG)

It is critical that business owners who engage staff besides themselves correctly determine whether individuals providing services are employees or independent contractors.

Generally, business owners must withhold deposit income taxes, social security taxes, and Medicare taxes from the wages paid to an employee. Additionally, business owners must also pay the matching employer portion of social security and Medicare taxes as well as pay unemployment tax on wages paid to an employee. Generally, business owners do not have to withhold or pay any taxes on payments to independent contractors.

When you hire employees versus contractors, you have the ability to select members of your firm that share your values as well as vision. Employees are more invested in your success. By hiring employees, you're demonstrating that they can help build the firm and contribute to its success. There might be an opportunity for the employee to become a principal or senior level leader in the organization.

Without question, hiring employees requires you to follow more guidelines in terms of discipline and termination. Following employment practices at the local, state and federal level is very important.

When you hire contractor employees, you can hire individuals for specific assignments and when complete, the relationship ends. One concern is how much direction an owner provides to contractors. If the contractor has become engaged as an "independent contractor," then they should be careful not to tell contractors when and how they have to work, but they can be given deadlines when work should be complete.

One of the major benefits of utility contractors is the ability of an owner to hire individuals that have an excellent work ethic and significant credentials but don't want to work full-time.

Depending on the need, a business owner can work with a recruiter to help source candidates. If the candidate works out, it's a win. If not, the individual can be terminated and the recruiter can provide alternative candidates to meet the business owner's needs.

Building your team (GG)

How to Build a Team that Won't Sink Your Startup-Neil Patel.

Top 20 Reasons Startups Fail:

- Not the right team-23%

1. Start with you. High self-awareness leads to better team performance.
2. Hire action-takers who can get the job done.
3. Don't build a team for a start-up. Isn't that the idea? Not entirely. The start-up phase is temporary.
4. Hire team members who understand the importance of customer service.
5. Personalities matter. I would suggest using the Clifton34 Assessment tool.
6. Be a ringmaster. When you know the strengths of your team members, you are a more effective leader.
7. Consider investing in a recruiter. Yes, it will cost you money, however, if you don't have the time or ability to find the right people, the cost may be well worth it.
8. Avoid homogeneity in your team. Diversity and divergent personalities are key.
9. Team members need to be aligned on the vision.
10. Take some lessons from the sports industry.
    - Every team member has a role to play.
    - You're only held accountable for your performance.
    - You're trained to have agility and play different roles.
    - Competitor analysis is a vital part of your training.
    - You never lose sight of your driving force.
11. Stay true to the "hire slow, fire fast" mantra.
    - Make sure your hire is the right fit. It's better to take your time than to hire someone who doesn't have the strengths, skill sets, and abilities.

- If you do hire someone and they aren't working out, don't wait to part ways. Admit the mistake and move on.

Right-sizing your organization, and using client's resources (GW)

When you start your own business, being cautious and right sized from the very beginning is important. You are going to be successful, but until you are, be conservative. As such, minimizing your initial capital outlay in getting started will give you peace of mind. You will always want to manage and control your expenses but it makes more sense to keep your expenses constrained at first. Fortunately, the pandemic has proven that the small office/home office/virtual office/shared office business all work. More importantly, there is no longer any professional stigma to working remotely.

Small operators should look for business solutions that minimize initial capital outlay, minimize monthly expenses, and will scale as the business grows.

- **IT and Telecom**: Technology has made being in business much cheaper and much more flexible. The world is now run from laptops and cellphones, which are increasingly powerful and significantly cheaper. With the emergence of small business cloud-based IT solutions, costs have decreased, reliability has increased, and out of the box 24/7 solutions are readily available. However, any business owner needs to either be conversant in their technology or have a relationship with an IT service that is on call, because interruptions happen. There is no need, however, for expensive personal servers, multiple computer systems, expensive telecom contracts. Trust your laptop and your phone and keep them backed up, and find yourself a small IT guy who will take your calls.

- **Staff**: Employees help us get things done. Employees have significant expense. Beyond compensation, you have the additional payroll taxes, workers compensation, benefits, overhead, equipment and all things come with managing employees. Minimizing these costs are important, but you will still need help. In today's world, it is possible to outsource and contract for almost any service an employee can provide and it is possible to outsource management of such employees. Many small business services can be outsourced for a reasonable price. Small businesses regularly outsource and contract for bookkeeping, payroll, reception and phones, word processing, marketing, and other services. Technology has allowed these services to be provided remotely. Build your network and minimize your fixed costs by utilizing contract service providers.

- **Leveraging Client Resources**: Depending upon the nature of your business and your services being provided, your clients very well may be a source of business support. If providing services on an occasional but consistent basis to a client, then it may be possible to utilize their office space and resources for serving them. Additionally, clients in the commercial real estate space invariably have vacant space which can be arranged to be utilized on short or intermediate terms, whether for office space or for conference space. We must always be ethical and sensitive to client confidence, but clients can be a source of economic space and services.

- **Office Space**: As commercial real estate professionals, you already know the cost and the benefit to office space. Office space provides permanence, it provides a level of professionalism, it reduces distractions that exist at home, libraries or coffee shops, but office space costs money. Rent and operating expenses are significant costs. Committing to a physical location and the associated overhead requires you to have a clear vision and plan for what you need. Small business space needs to be flexible to meet the needs of the business without requiring unnecessary space that is only utilized occasionally. No one wants to be the tenant who fails two years into a seven-year term with a personal guaranty. The rise of coworking spaces and professional office suites has provided a small business just starting the flexibility to reduce its overall commitment while facilitating access to many of the benefits of the office. And the stigma that may have existed in the past among some with interacting with businesses who operate virtually or out of a coworking or professional office suite has been significantly diminished in recent years. The large international providers have a common platform that works anywhere in the world. Local independent providers offer local flexibility and reduced cost. Now you have the ability to have access to professional office space, with conference space, and reproduction services even on a monthly desk sharing arrangement for terms that are as short as a month and provide a variety of a la carte service options.

Additionally, in the post-pandemic world, opportunities that now exist to office share or creatively sublease space that is fully fixtured are readily available. The flexibility of shorter terms should not be underestimated.

Evaluating your bookkeeping options (GG)

The bookkeeping options for a small business or as a solo consultant vary. How are you looking at this? Are you planning on doing your own bookkeeping, hiring a professional, or are you relying on bookkeeping software, etc.

Startup firms usually need the following:

1. Attorney or legal practice that provides the company entity setup with the state, IRS, etc.

2. An accountant for tax planning.

3. Bookkeeper that will deal with the data entry, reconciliations, interface with the accountant, and insurance audits.

4. Insurance broker for professional liability, property and consulting, and workers comp (if needed) insurance.

5. CRE software. Depending on the service offered, start-ups need to consider CRE software. Cost is an important consideration. For example, Yardi Breeze is much less expensive than Yardi Voyager. Another important consideration is if the software is general in “nature” or specific to CRE. There are many specialty software applications that will provide reports stakeholders need where a platform like QuickBooks might not provide.

What to look for in choosing an IT provider (GG & BH)

It is very important to partner with an established and professional IT service provider for many reasons including helping the start-up organize the business in the following ways:

- **Infrastructure scalability**: Need to understand the businesses growth plans and if they have accounted for the proper server specifications (on premises or cloud based).

- **Hardware considerations**: You many need commercial grade routers, switches, firewalls, and layered security. Many start-ups purchase what is convenient at Best Buy or on Amazon, which is not always the best technology for security management and configuration purposes.

- **Future Operability**: IT infrastructure is an investment and needs to be taken seriously to avoid issues in years two and three.

- **Recovery and Resiliently**: Proper Cloud based back-up and disaster recovery solution. Any size firm is only as good as its last backup.

- **Proper documentation and written policies:**

    - Bring Your Own Device (BYOD) agreement. This grants the employee the privilege of using smartphones and tablets of their choosing at work for their convenience. The agreement should outline “acceptable use,” what “devices and support” are allowed, “security protocols,” and “risks/liabilities/disclaimers.”

    - Password Policies. This policy establishes guidelines on the creation of passwords, who they can be shared with, and how often they should be changed.

    - Acceptable Use Policy. This policy serves to protect employees and the company from illegal or damaging actions by individuals either knowingly or unknowingly.

    - Internet Usage Policy. This policy’s goal is to prevent inappropriate usage of the internet and to protect the company’s systems from internet security threats.

    - Remote Access Policies. This policy defines standards for connecting to the network from any host. These standards are designed to minimize the firm from potential exposure to damages which may result from unauthorized use of the firm’s resources.

    - Email retention policy. This policy is intended to help employees determine what information sent or received by email should be retained and for how long.

- **IT Service Provider.** The selection of an IT Service Provider is an important consideration. Depending on the need and size of the business, there are firms that can customize their level of service to meet any budget.

How to Select the Perfect IT Provider

Created 9.26.2023 by Eric Garrison of WTE

Anyone remember when email Phishing attacks were the biggest threat to companies? Today, Cybersecurity is top of mind for a good reason. How you survive and recover from a ransomware attack can define the next 24 months of a business. Selecting the right IT provider is a crucial decision for any organization. With the ever-expanding threat landscape constantly evolving, it's easy to overlook key areas that could expose your organization to risk. However, you can stay ahead of threats and gain peace of mind by following a comprehensive checklist when evaluating potential providers. The ideal IT partner will manage your O365 infrastructure, compliance, disaster recovery, and endpoints. They will help you detect, contain, and investigate threats across your systems. One of the products you need to make sure you know is CrowdStrike. They are leaders in protecting servers and data.

Look for an IT provider that brings together management consulting and integrated services to manage large, complex projects. You need a partner that can provide strategic frameworks for modernization as well as ongoing business intelligence and analytics during operations. The right provider will seamlessly integrate multiple disciplines and sectors to deliver optimal solutions tailored to your needs.

Evaluate providers on their ability to supply qualified staff augmentation candidates quickly. The ideal partner will offer rapid-response contingent workforce services, faster placement of required talent, actionable business intelligence, and reduced paperwork. Control over your workforce and budget is key when leveraging staff augmentation.

We like to also look at how the provider can bring expertise to save money and resources. Ideally, they would look to eliminate 30% of the tech tickets or incidents in the first 120 days. Consider providers experienced in managing large, complex computing environments. Your IT partner should be able to upgrade, modernize, and manage procurement programs across hundreds of hardware, software, and network resources. Look for demonstrated success in vendor management, service desk staffing, and SaaS and IaaS environment design and management. Consolidating data centers, communications, software, and applications requires proven expertise.

Choosing the right IT provider requires thoroughly evaluating their services, experience, and ability to be a strategic partner. Prioritize those who can manage multi-faceted threats, provide integrated consulting and technology services, supply talent quickly, and

demonstrate expertise across complex computing ecosystems. With the right partner, you gain confidence that your organization's IT needs and security are fully covered.

When evaluating potential IT providers, be sure to ask about their experience with your specific industry. A provider well-versed in healthcare IT needs, for example, will be better equipped to understand compliance and security requirements than a provider lacking that specialty. Industry-specific experience also yields insight into emerging technologies and best practices. The ideal provider has proven success serving organizations like yours.

Examine the provider's communication and project management process. Are status reports detailed and frequent enough for your needs? Will they assign an account representative who understands your business and objectives? The right partner will tailor communications to your preferences and provide transparency into work progress. Clearly defined roles, responsibilities, and workflows are key.

Finally, look for cultural fit beyond qualifications. Is the provider responsive to questions and focused on your satisfaction? Do they proactively provide recommendations to improve your environment? With a long-term partnership in mind, you want a provider whose values align with yours. Working together should be easy and collaborative. An ideal partner will continuously earn your trust through expertise, communication, and commitment to your success.

Defining services offered as part of a retainer (GW)

When you first go to work for yourself or you start a small business, remember that you are doing this to earn a living. You have to get paid! Identifying the scope of your services and your payment terms is a topic that many are uncomfortable with, as it may be difficult to determine at first what your time is worth and what services you are providing. That is why it is imperative when first providing independent services that you develop a simple scope of work or engagement agreement. The form can be as simple as a letter setting forth the scope of the work being performed, the fees that will be charged, provisions for costs, and your payment terms.

Defining the scope of work being provided is a critical task that a small business owner must do. You must be specific about what the project will, and will not, include. Failure to do so with specificity will result in later disputes about the project and payment. A scope of work can be an addendum to the engagement agreement describing the agreed upon project. When there are milestones or thresholds relating to payment or other necessary project elements, those must be identified and defined. The scope of work should also identify what completion looks like, and what it requires. If you have concerns about project creep or a client whose expectations seem unreasonable, then take the time to review with the client the project scope with the client at regular intervals including before transmitting the final draft.

Compensation must be spelled out clearly in your engagement agreement. Determine if you are billing on an hourly basis or a project basis, then be specific as to what your rate or fee will be. Establishing your value and your fees can be difficult at first if you do not have experience with billing for your services like this. Additionally, if you are including others on the project whose time will be billed to it, be specific about their rates. It may be appropriate to create a specific project budget as part of the project scope and only then agreeing that the ultimate cost will not exceed an agreed upon amount. One note about setting your fee schedule for a project or a client, do not be too eager to discount your rates, as you need to be compensated appropriately and fairly. Never discount your services for exposure or for opportunity. Your time has value. Unfortunately, some clients will not necessarily respect or value your services. It is appropriate to weed such out over time.

Many projects or services will not result in you incurring costs that need to be passed along. You should establish your compensation level at such an amount as to reasonably cover your overhead and incidental costs. However, if a project or engagement requires you to travel for the client, produce physical materials, engage other professionals, or incur specific shipping expenses, those should be recouped and reimbursed. Make sure you articulate how those costs will be submitted, what costs you will front and be reimbursed for, and what costs the client will be required to pay directly.

Finally, even a simple engagement agreement is your contract for services. You need to spell out what your expectation for payment is and what remedies you may avail yourself of if not paid. It is appropriate to specify an expected payment date after the invoice and that you reserve the right to stop work until payment is made. It is appropriate to specify interest charges that accrue on past-due payments. It is appropriate to specify that in the event of a collection action, reasonable attorney's fees will be charged. If you have to collect, your payment terms reflect the contract you will be permitted to enforce.

You may not need to do this with ongoing clients with whom you have a long-term relationship, but for all new clients, it is important to define the parties' respective duties, rights, and obligations at the outset. Make sure that you get written acknowledgment and acceptance of the terms and save a copy in your file.

Insurance considerations for consultants and small businesses (GW)

When starting your own business, even as a part-time consultant, you need to realistically evaluate risk and act to manage it. We are exposed to risks on a daily basis that we do not really consider. Unfortunately, we live in a litigious world. Managing risk through the proper insurance will give you peace of mind and protect you, your family, and your assets. Insurance coverage provides not only financial protection from damages, but financial protection from the costs of defense.

There are various risks that we may not consider that could give rise to liability to you in business. Driving to meet with a client and you are involved in an automobile accident? You fall prey to a phishing attack and inadvertently wire a payment to a fraudulent account? You provide guidance to a client whose actions result in a claim, and are then blamed? Your home is burglarized, and your home office equipment is vandalized or stolen? Your personal insurance will not provide coverage for any of the foregoing risks if business activities are excluded from your personal liability coverage.

Your insurance broker can assist you and calculate what coverage your current insurance affords you. Many personal liability policies provide a variety of coverages you may not be aware of and may in fact, provide some business protection. Moreover, many insurance products are relatively inexpensive. There are several types of insurance coverage that, as a small business owner or solo practitioner providing services, you should evaluate obtaining.

First, like professional liability or malpractice insurance protecting doctors, lawyers and accountants, there are errors and omissions policies that provide some protection for those that provide professional services. E&O coverage typically provides protection for professional negligence, breaches of contract, or other errors arising from your services. You need to evaluate the types of projects you do and the risks that you are potentially subjected to if things go wrong.

Second, if you have a physical office, your lease likely requires general liability coverage. You should evaluate if a business owner’s policy is an insurance product available which bundles various commercial insurance products for business provides more coverage for the cost than just a general liability policy. Business owner’s policies bundle commercial liability, business property, and business interruption insurance for small businesses.

Third, you need to evaluate what general liability coverage you need, auto coverage you have and need, and whether or not your jurisdiction requires you to maintain workers' compensation coverage for yourself or your employees. No one wants to discover that their general liability coverage has excluded claims that are covered or should have been covered by an auto or workers' compensation policy. All three of these policies potentially address personal injuries arising in the workplace.

Finally, it is reasonable to “self-insure” certain elements of your business that do not pose catastrophic risks to you in the event of a failure or claim. Some commercial insurance coverages are either (a) too expensive to justify (i.e. key employee policies can have very high premiums) or (b) provide little actual coverage in light of the risk and associated expense (i.e. the “insurance” on electronics that you are offered when purchasing items at Best Buy).

Develop a relationship with an insurance broker or agent who is an independent agent and who has experience with various insurance product types. Use them as a resource to identify what you need to purchase and work with them to develop a coverage plan to minimize cost and to minimize your risk.

Questions for your insurance broker or agent:

- Does my personal auto liability coverage provide coverage while using the vehicle for work?
- Does my personal liability policy cover business property in my home?
- I am providing consulting services in x industry, what errors and omissions policies are available?
- I have a small office and some office furniture and equipment, if I had a fire and lost all of that, how would my claim be processed? How quickly would I be able to be up and running someplace else.
- What cybersecurity coverage exists under any of these policies?
- Based upon my business structure, do I require workers’ compensation coverage?

Insurance considerations when working for property owners (BH)

Ultimately, when managing properties for others, the management contract will spell out the types of insurance that your clients require that you carry. For example, your management contract may state your company is required to carry commercial general liability insurance, automobile liability insurance, workers' compensation insurance, commercial crime and/or employee dishonesty insurance, and professional liability insurance. Every management agreement you enter into will potentially have requirements that vary from one another.

- **Commercial General Liability Insurance**: Provides coverage for bodily injury, personal injury, and property damage caused by business operations, products or injuries that occur on the premises. For example, if you had a maintenance worker changing a light tube over a building occupant's desk and they dropped the tube on that occupant, this would be a general liability claim.

The intention of the insurance clauses in property management contracts is to protect both the owner and the manager in the protection, operation, and enhancement of the property. Therefore, it is typical to see language in a commercial general liability policy that requires both owner and manager to be included as additional insured and each other's policies and to mutually waive subrogation. In the case above, both the owner and the management company would be covered under the commercial general liability insurance policy, if the owner is an additional insured.

- **Automobile Insurance**: This insurance is carried to provide protection for bodily injury and property damage when a vehicle is used during the course of employment for company business. This coverage can protect against claims that occurred in a company owned vehicle or an employee owned vehicle, depending on how this insurance is set up. Even when an employee is using their own vehicle for work, your company can be liable, should an incident occur.

- **Workers Compensation**: This coverage benefits both employees and employers when an employee has a work-related illness or injury. The employee will have medical and wage replacement benefits, and the employer is usually protected from being sued by the employee as well avoiding the real cost of the employee's medical expenses and lost wages. Requirements are state specific and differ from state to state on whether worker's compensation insurance is required, depending on how many people are employed at your company.

- **Commercial Crime and/or Employee Dishonesty Insurance**: It is especially important to have this type of coverage when you are handling any client's funds. While we all hire people who we feel are honest, it is surprising how many embezzlement cases occur. Commercial crime and/or employee dishonesty insurance will protect your company when an employee steals from you or if they steal from your clients. This insurance will not protect you, should you be a

principal of your firm. Contract employees are considered “employee’s” and are covered with this type of insurance.

- **Professional Liability Insurance**: This is also known as Errors and Omissions Insurance, or “E&O”. As real estate professionals, we are held to a higher standard of care. Professional liability insurance covers negligent acts, errors, omissions and misleading statements or representations made during our normal course of business. For example, if operating expense reconciliations were done inaccurately, resulting in financial loss for your client, this might fall under professional liability insurance.

Remember to review each management contract you have, as these insurance requirements may change, depending on the services that you are providing.

WHAT DO I NEED TO DO TO SUCCEED?

The importance of marketing. (PM)

Marketing and the use of social media are extremely important for your new start-up. Simply said, effective marketing and a strong social media presence can be the difference between success and failure. Here are several reasons why these aspects are critical for you and your new business:

- **Building Brand Awareness**: As a new start-up, nobody knows about your brand or what you offer. Marketing, including social media, is a way to introduce your brand and create initial awareness among potential customers.

- **Cost-Effective Promotion:** You may have a limited budget at commencement. Social media platforms offer cost-effective ways to reach a broad audience and engage with potential customers without the high costs associated with traditional advertising.

- **Targeted Reach:** Social media platforms provide you with tools to target specific demographics, interests, and behaviors. This will allow you to reach the right audience and ensure that marketing efforts are focused on potential customers.

- **Customer Engagement:** Engaging with your audience on social media can help build a community around your brand. This engagement can lead to customer loyalty and advocacy, which are crucial for your long-term success.

- **Feedback and Iteration:** Social media provides a direct channel for customers to provide feedback and share their experiences. You can use this feedback to make improvements and iterate on your products or services.

- **Competing with Established Players:** Start-ups often need to compete with established businesses. A strong online presence and effective social media marketing can level the playing field and allow you to reach customers who may otherwise go to more established competitors.

- **Data-Driven Decision Making:** Social media platforms offer analytics and data that can help you understand your audience better. This data can inform your marketing strategies, content creation, and product development.

- **Gaining Traction and Momentum:** Building a following on social media will create momentum and excitement around your start-up. It can also help you gain initial customers and supporters, which is critical for early growth.

- **Storytelling:** Start-ups often have compelling origin stories or unique selling propositions. Social media is an excellent platform for telling these stories and differentiating your start-up from your competitors.

- **Networking and Partnerships:** Social media is a valuable networking tool. You can use this to connect with potential partners, collaborators, investors, and mentors through these platforms.

Overall, a well-planned marketing and social media strategy must be an integral part of your business plan. In a nutshell, marketing and social media are foundational for your new start-up because they provide you with cost-effective methods for building brand recognition. Without this, you will be challenged to reach the right audience, engage with customers, generate leads and sales, and grow your reputation.

Using Social Media (PM)

Social media platforms allow you and your brand to connect with a wide audience. The core of effective social media marketing is about connecting to a specific audience with your social posts. Unless you have an intuitive idea of who your target audience really is, you'll need to create audience and client personas.

One of the top tips for your new business using social media is to ‘Focus on Value and Authenticity’.

Here's why this is crucial, along with some practical advice:

- **Provide Value:** Instead of bombarding your audience with promotional content, aim to provide valuable and relevant content that meets the needs or interests of your target audience. This can include informative blog posts, how-to videos, tips and tricks, industry insights, and more. When you consistently offer value, people are more likely to engage with your content and view your business as a trusted resource.

- **Be Authentic:** Authenticity is key to building trust on social media. Share the genuine personality and culture of your business. Avoid overly scripted or robotic interactions. Respond to comments and messages in a conversational and human manner. Authenticity makes your brand relatable, and relatability will lead to stronger connections with your audience.

- **Engage and Interact:** Social media is a two-way street. Engage with your audience by responding to comments, messages, and mentions promptly. Encourage discussions, ask questions, and listen to feedback. Engaging with your audience not only builds relationships but also shows that you value their input.

- **Consistency is Key:** Be consistent in your posting schedule. Regular, scheduled content can help your audience anticipate and look forward to your updates. Consistency also helps in algorithmic visibility on many social media platforms.

- **Understand Your Audience:** Take the time to research and understand your target audience. Know their preferences, pain points, and interests. Tailor your content and messaging to resonate with them.

- **Use Visual Content:** Visual content, such as images and videos perform well on social media. Invest in creating visually appealing and shareable content.

- **Leverage User-Generated Content:** Encourage your customers to create and share content related to your products or services. User-generated content is a powerful way to showcase authentic endorsements and testimonials.

- **Paid Advertising:** While organic reach is valuable, consider using paid advertising options on social media platforms. This can help you target a specific audience and boost your visibility.

- **Stay Informed About Trends:** Social media is constantly evolving. Stay informed about the latest trends, algorithm changes, and best practices. What works today may not work tomorrow, so be adaptable.

- **Monitor and Analyze:** Use the analytics and insights provided by social media platforms to track the performance of your content. This data can guide your strategy and help you understand what's working and what needs improvement.

Remember that building a strong social media presence takes time. Be patient and persistent with your efforts and focus on building meaningful connections with your audience. Providing value and authenticity will be the key foundation of a successful social media strategy for your new business.

Top Tips for Personal Branding (PM)

Personal branding is the process of creating and managing a unique and consistent public image or identity that represents you as an individual. It's about defining who you are, what you stand for, and how you want to be perceived by others, both personally and professionally. A strong personal brand will help you stand out, build credibility, and achieve your personal and business goals. Here are some 'top tips' for personal branding:

- **Self-Reflection:** Start by understanding then highlighting your values, strengths, passions, and goals. What makes you unique? What do you want to be known for? Self-reflection is the key foundation of your personal brand.

- **Define Your Brand:** Based on your self-reflection, define your personal brand statement or tagline. This concise statement should encapsulate what you represent and the value you bring to others.

- **Audience Understanding:** Clearly define your target audience. What are their needs, problems, challenges, and interests? Your brand should resonate with and provide value to your intended audience.

- **Value Proposition:** Clearly communicate the value you offer to others. How can you help or solve problems for your audience? This should be a central part of your personal brand messaging.

- **Craft Your Brand Messaging:** Develop a clear and concise brand message that communicates what your business is about. This message should highlight your unique selling points and the value you offer.

- **Create a Brand Identity:** Your brand identity includes your business name, logo, color scheme, and visual elements. Design a logo and select brand colors that represent your values and resonate with your audience.

- **Authenticity:** Be yourself. Authenticity is a key component of a strong personal brand. People connect with real, genuine individuals, not with personas or facades.

- **Consistency:** Consistency is crucial for personal branding. Your image, messaging, and behavior should align with your brand. Whether online or offline, be consistent in how you present yourself.

- **Online Presence:** In today's digital age, your online presence is a significant part of your personal brand. This includes your social media profiles, personal website

or blog, and any content you create or share online. Ensure that your online presence reflects your personal brand values and messaging.

- **Networking:** Build and nurture your professional network. Connect with like-minded individuals, attend industry events, and engage in meaningful conversations. Networking can help you establish credibility and expand your reach.

- **Content Creation:** Sharing your knowledge and expertise through content is a powerful way to enhance your personal brand. Write articles, create videos, or share insights on topics related to your expertise and passions.

- **Engagement and Interaction:** Engage with your audience, both online and in-person. Respond to comments, participate in discussions, and show genuine interest in connecting with others. This helps build relationships and trust.

- **Continuous Learning:** Stay up to date with industry trends and continuously improve your skills. Demonstrating a commitment to learning and growth is an important aspect of personal branding.

- **Feedback and Adaptation:** Be open to feedback and willing to adapt. Your personal brand should evolve as you grow and your goals change. Solicit feedback from mentors, peers, and your audience to refine and improve your brand.

- **Dress and Appearance:** Your physical appearance also contributes to your personal brand. Dressing professionally and appropriately will always impact how others perceive you.

- **Long-Term Vision:** Consider where you want your brand to take you in the long term. What are your specific business goals? Your brand should align with these objectives.

- **Consistency and Patience:** Building a brand takes time and consistency. Be patient, and don't expect instant results. Consistently living and communicating your brand over time will yield positive results.

Remember that personal branding is not about being self-centered or overly self-promotional. It's about authentically showcasing your strengths, values, and unique qualities to create a positive and lasting impression on others. Over time, a well-crafted personal brand will open doors, attract opportunities, and help you achieve your personal and business aspirations.

Expanding Your Opportunities (BH)

As you are starting your business, be open to 'filler' opportunities that may afford more visible exposure and networking. These opportunities can appear in many forms. For example, you might wish to develop a workshop on topics you know well and offer this up to different companies in your local area, regionally or nationally.

There are companies that are looking for experts in various fields to provide short-term consulting to companies that are considering expanding their offerings or moving to a different locality. In this case, you would be providing them valuable insight into this industry to help them make their decision.

If you have a topic that you are an expert in, you might be asked to provide expert witness services in a legal suit. This can be difficult as the opposing counsel may try to trip you up to discredit you, so you have to give this good consideration before you decide to do this type of work.

Perhaps you were a Court Appointed Receiver at one point and would like to offer these services again. You might wish to contact law firms and servicers to see if they might wish to utilize your experience, should the market be such that these services are needed.

If you enjoy numbers, you might offer up work on Operating Expense Reconciliations – or setting up tenants in a software that will calculate these automatically – or provide budget preparation. You might provide Due Diligence services or Project Management services as special projects.

Perhaps you would like to spend more time teaching. You might offer to teach BOMA or BOMI classes, or classes you develop yourself. You might have your own corporate client base in which you sell or provide services.

Open up your mind and be open to the many things you can offer. These might simply be filler until your main business line takes off or these services might end up being your main source of income!

Managing the changed relationship with BOMA (SH)

Scenario #1:

Consider if a newly minted business owner was a long-time BOMA member in the role of property management, facilities management, asset management, etc. and the rules of the local BOMA dictated that you can no longer be a member since you are considered a vendor now. Also consider if the staff at that BOMA local organization started treating you differently because of that? Did your contributions to that BOMA not mean anything? Did the hours of volunteer leadership provided not make a dent in your ongoing relationship with BOMA? The financial requirements to be a member of BOMA now are far greater than you expect. You may expect to pay dues but what if you are required to contribute in other financial ways such as sponsorships throughout the year. You are just starting out, have very little income, and you want to still be involved in BOMA, but it's not easy. What should you do?

1. If you are committed to BOMA (at any level) you may want to overlook or overcome those emotional and financial obstacles.

2. You probably still know a lot of people, so you are able to maintain those contacts as you are growing your business.

3. Do you consider that you and your firm can continue to provide benefits to BOMA whether it's through education, professional guidance, and even to assist with advancing BOMA's goals through those sponsorships?

4. Include BOMA dues and a sponsorship or two in your business plan and annual budget so you are able to plan for that expenses.

5. Do the benefits of the BOMA relationships outweigh assumed personal indignation?

If you respond positively to any of these comments or questions, it is clear the BOMA relationship remains important to you individually and ultimately will benefit your business.

Scenario #2:

Due to a long and illustrious career and "retirement" from property management or related fields, your BOMA local has made you a "Lifetime" member with all of the membership benefits which could include paying a nominal membership fee or no fee. You can participate in BOMA activities as much or as little as you like.

A couple of years into your "retirement" you start your own company. You are still a Lifetime member, but your focus has obviously shifted to a more vendor perspective and

you know that your contacts at BOMA will help to enhance your business. What are some questions you might ask?

1. Should I join BOMA as an associate member since my role and goals have changed?

2. If I have been minimally involved as a Lifetime member, do I make an effort to change that by joining committees, increasing financial support (sponsorships, again)

3. Do I continue as a LIfetime member and become more involved without promoting my business. (See Conflicts of Interest, below)

Yes, the relationship has changed. Earlier in this paper, one of the topics discussed was "Leveraging the BOMA Relationship" which stated: "The single most impactful way to leverage your work, build your new business brand and create a client base from within your BOMA network - is to **assist, serve and inspire** within it - *not sell to it*." Embracing assistance, service, and inspiration will mold the BOMA relationship to benefit you and your company as well as BOMA.

Conflict of Interest (BOMA, BOMI, and other) (SH)

Investopedia describes an occurrence of “Conflict of Interest when an entity or individual becomes unreliable because of a clash between personal (or self-serving) interests and professional duties or responsibilities. The conflict is around money, status, knowledge, relationships, or reputation which might impact their actions, judgment, or decision-making bias.”

A Conflict of Interest does not have to have an action associated with it but can merely be a presumed or implied conflict which can result in as much professional damage. Conflicts of interest often have legal ramifications, especially if an individual or entity is harmed by your actions.

Questions:

1. **Do I have a vested interest in an action I take?** For example, if I am on the BOMI board and there is a discussion about raising instructor fees, and you are a member of the Board and also an instructor? Is it a conflict if you vote on this action?

2. **If I take this action, will it harm the organization to my benefit?** Example: If I vote yes on the raising of instructor fees, but another member of the committee expresses concern that the course fees will need to be raised to cover the instructor costs which might lead to fewer students and a reduction in revenue. Is it a conflict if you vote yes on this action?

3. **Will I utilize my position to force an action that will benefit me or my family?** My nephew needs a job and BOMA has an opening even though my nephew does not meet the minimum requirements. Do I leverage my role on BOMA’s Executive Committee to force BOMA to hire my nephew?

Avoiding Conflicts:

1. Disclosures of a relationship impacted by an action is the first step if you find that any action you take may be perceived as biased.

2. If you think it's wrong, it probably is. Better to recuse yourself to avoid guilt or accusation.

3. If you think you may have exposed yourself to conflict, disclose it as soon as possible to avoid escalation.

4. Will the situation result in damaging the trust of relationships.

5. Understanding policies of companies working with which will outline potential areas of conflict.

6. Avoid any situation which may result in a conflict.

THEN WHAT?

What is my company worth? (BH)

At some point you may feel you wish to retire. You have grown your business and feel it is worth something. But, who might be interested in purchasing your firm & how do you determine a sales price?

There are many factors that will weigh in regarding these questions.

What services do you provide?

What is the makeup of your portfolio?

Local, Regional, International, Institutional, Private ownership?

Portfolio makeup/property type?

Think about what your 'growth' story is. How can this portfolio grow, should it be purchased? Are there areas for savings for the buyer, such as reducing redundant roles? Are there assets of value, such as technology that new ownership would wish to implement that you already have rolled out?

Purchasing a business takes a great deal of time. It takes the same amount of due diligence for a small company as a large company. Therefore, larger companies may pass on a portfolio that is more regional in size. The larger companies will get more specialists involved in the sales process.

A buyer may feel the real value behind your company is your own reputation and experience. Therefore, they may wish to purchase your portfolio, but wish to enter into an employment agreement with you. This protects you more than an earn-out agreement, which typically is payable as a % over certain financial goals and are cancelable with 30-days' notice.

There is no formula for the actual purchase price. It might be simply a fee based on 2-3 months management fees. Or it could be based on a calculation of 5-6 times your net. The net can leave your own salary out of the equation, or other key players, if they will not be retained, such as the redundant positions mentioned above. Or it may be simply a flat fee, as examples.

You may know an individual that wishes to start their own company and wishes to purchase your company. You can negotiate your own transition, based on what is acceptable to you.

To prepare for placing your company on the market, you will need to consider what you have to sell. You will need to determine how you will demonstrate the portfolio you have.

Outline the growth opportunities for a purchaser and savings opportunities for a buyer. Get your CPA involved to discuss the tax implications of a potential sale.

Should you sell, consider insurance that will cover any claims that may arise from the time you owned your company. You never know what may come up and you will not wish to be hit with a large liability.

When is it time to dissolve the business? (KM)

There are several factors that play a key part in making the decision of when it is time to dissolve the business.

The primary reasons for dissolving your business include:

1) Financial Reasons

    a) Profitability - You have seen consistent financial losses and there is no clear path to profitability in the near future

    b) Declining sales - you are experiencing a significant and prolonged drop in sales/revenues may be an indicator the business model or market conditions no longer support your line of business

    c) Insufficient capital - In a services based business, this is less likely to be a factor unless you are looking to make significant improvements to marketing, upgrading equipment needed for the business, or the business is carrying a significant amount of debt.

2) Personal Reasons

    a) Health and Wellbeing - maintaining your health and wellbeing is crucially important and should not be sacrificed

    b) Lack of Passion - you've simply lost the passion and energy needed to continue running and managing a business.

    c) Completing priorities - balancing the needs of your business along with other priorities that come and go need to be considered.

Regardless of the reason(s) for considering wrapping up your business, it's essential to seek advice from mentors, financial advisors and legal professionals who will be able to help guide you through the process and minimize the impact on employees, creditors and your customers.