

Foreword by
**Michael
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CONQUER THE CHAOS

HOW TO GROW A
**SUCCESSFUL
SMALL BUSINESS**

without
Going Crazy



Things To Do

- Fix Printer
- Contact Stephanie
- Create Marketing Stuff
- Follow up with Matt
- Send Brad Thankyou
- Pay Bills
- Send Promotion Email
- Breathe

*Repeat All
the Above*

**Clate Mask
Scott Martineau**

Section I

THE QUEST FOR FREEDOM

1

THE ENTREPRENEURIAL REVOLUTION



The difference between the great and good societies and the regressing, deteriorating societies is largely in terms of the entrepreneurial opportunity and the number of such people in the society. I think everyone would agree that the most valuable 100 people to bring into a deteriorating society would be not 100 chemists, or politicians, or professors, or engineers, but rather 100 entrepreneurs.

—Abraham Maslow

By the time you finish reading this chapter, 140 people will have started their own business. If you read the entire book straight through, another 1,000 business owners will have joined the ranks of entrepreneurship, and that's in the United States alone.¹

Entrepreneurship is exploding all around us. Once considered a profession for a few rare, perhaps eccentric souls, entrepreneurship is today a widely respected profession.

Certainly, as an entrepreneur, you've noticed the growing interest in small business ownership. You have friends who are entrepreneurs. Perhaps a brother, aunt, or cousin has started a business. Your neighbor down the street owns her own business. If you have children, they may be gearing up to follow in your footsteps.

Whether you realize it or not, we are in the middle of a revolution—the Entrepreneurial Revolution. This revolution is not intended to overthrow the government or establish a new nation. This revolution is about how we work and how business is done. As an entrepreneur, you are part of this revolution. Unfortunately, the outcome of your involvement in this revolution is yet to be decided.

¹According to the U.S. Census Bureau, there are nearly 30 million small businesses in the United States alone, and approximately 600,000 additional businesses are added every year.

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Like all revolutions, the Entrepreneurial Revolution will have massive casualties. This book is meant to help you successfully participate in the Entrepreneurial Revolution, without becoming a casualty.

THE PATH TO REVOLUTION

Revolutions don't just start of their own accord. Nobody wakes up one morning and thinks, "I'd sure like to be part a revolution." The American Revolution didn't gain instant popularity because someone thought the United States should be independent. Quite the contrary. Less than half the country was committed to the cause. The other half was clinging desperately to the safety and security of familiarity.

The French Revolution was not an attempt to follow suit. People were starving. Disease and death were sweeping through the masses. Without a revolution, thousands more would have perished. But once again, there were many hesitant to embrace such change.

For any revolution to occur, three factors must be present (see Figure 1.1). Within the last few years, the same factors present during the bloodiest of revolutions made their way into the American economy, creating a fertile ground for the Entrepreneurial Revolution.

ANY REVOLUTION	AMERICAN REVOLUTION	ENTREPRENEURIAL REVOLUTION
• Loss of Security	• No Representation	• Corporate Distrust
• Power Shift	• Continental Congress	• The Internet
• Promise of Something Better	• The Declaration of Independence	• The Overnight Success Story

Figure 1.1 The Three Elements of a Revolution

The Entrepreneurial Revolution

So what are these factors? They are:

1. Oppression from Authority
2. A Shift in Power, and
3. The Promise of Something Better

If you know your history, then you know the American Revolution was triggered by over-taxation, misrepresentation, and unjust domination from British colony leaders. The French Revolution was a result of the rich getting richer, the poor getting poorer, the lost voice of the commoner, and the fear of imminent death. Similarly, the Entrepreneurial Revolution would never have gained momentum if the country hadn't been primed for change.

THE OPPRESSION: CORPORATE DISTRUST

In the generation past, many folks spent their entire careers at a single company, retiring after 40 years of dedicated service to someone else. To these folks, long-term employment with the company was the safe, wise, stable thing to do.

Over time, large businesses and corporations dominated American culture and held all the power in our economy. This corporate dominance led to the mistaken belief that job security meant working for a well-established company instead of being great at what you do. If you wanted to get ahead in life, you worked 9 to 5 in a predictable, stable environment. Now to entrepreneurs, that notion is revolting.

When disputes with employees or customers arose, the corporation nearly always won. Realizing there wasn't much they could do about it, the population dealt with corporate injustices by simply accepting them. Even the most outraged of victims had to think carefully before rocking the boat. Perhaps influenced by the effects of the Great Depression and several other economic backslides, older generations believed that if you had a "good" job, you'd better keep it.

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Now, however, the days of loyal employment are over. Working 40 years for the same company is practically unheard of. Corporate horror stories dominate the headlines. Stories of corporate scandals, shareholder fraud, greedy chief executive officers (CEOs) and failed 401(k) retirement plans have victimized employees and the general public, creating distrust and cynicism toward corporations.

It seems everybody has friends who were “let go just before retirement so the corporation could save some of its pension costs.” Corporate employees watch in alarm as their jobs get shipped overseas. They feel the pressure of the global market, which is requiring them to do more and work harder in their corporate positions. Large corporate layoffs have mercilessly dispelled the belief that a good job is worth keeping, no matter what the cost.

The bottom line is that corporate employees are working harder and feeling less of the benefits. If nothing else, they’re certainly questioning the long-term benefits. Heck, they’ve even lost the belief that all their dollars paid into Social Security will ever come back to them.

And so, the institutions (corporate and governmental) that our parents believed would provide security have broken down. Unique corporate cultures were replaced with office politics and vicious backstabbing. Workers for Corporate America feel jilted, a little burned, and taken for a ride to a certain extent. Rather than relying on their corporation to care for their needs as employees and in retirement, many Americans face a reality of corporate disillusionment.

The more disillusionment increases, the more primed folks are to join the Entrepreneurial Revolution. All told, this loss of security is dramatically changing the landscape of the American workforce. College graduates are learning that the corporation isn’t going to create their stability. They’ve learned that entrepreneurs create their own stability. So they start businesses from their dorm rooms, hoping the business will catch fire and prevent them from ever having to take a job.

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Corporate disillusionment has altered everything our parents taught us about working in “stable” jobs at big companies. As a result, people are motivated to take action. So they turn in the one direction they feel they have the most control: inward.

THE POWER SHIFT: THE INTERNET AGE

No matter how determined an individual might be, real change—revolutionary change—is not possible until strengthened by the masses. Sure, it only takes one voice to put things in motion. But power comes from a multitude working together.

During the American Revolution, it was the strength of the entire Congress that led men to battle. For the Entrepreneurial Revolution, the rally cry came through the most unique medium to date: the Internet.

If you had to sum up the one big thing that is driving this revolution, it is the Internet. Pure and simple. The widespread adoption of the Internet over the past decade has changed everything. The Internet:

- Gives a loud voice to the common person
- Allows a small business to look big
- Makes information readily accessible
- Opens a global marketplace to Joe and Jill in Podunk, Montana
- Breaks down the barriers to entry by eliminating the need for piles of capital
- Connects businesses and their customers through speedy communication
- Unchains entrepreneurs from their desks so they can work from anywhere
- Makes it possible for anyone to leverage and profit from their expertise
- Simplifies the complicated, costly “distribution channels” of old

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- Empowers entrepreneurs to transact online, in their sleep and out of the country
- Puts the power of automation in the hands of the little guy
- Enables efficiencies for small businesses that used to exist only in big businesses

As product review sites made their debut, the power of corporate control was shifted into the hands of the average Joe. No longer were consumers subjected to the official reviews and opinions of industry experts. Now, consumers gleaned all the information they needed from individuals just like them.

For the entrepreneur, this shift in power made small business ownership easier to achieve and less expensive to start. We won't address all the benefits individually, but rather skim over a few of the most significant.

INFORMATION IS READILY ACCESSIBLE

Aspiring entrepreneurs can now quickly research a new business idea. They can test the demand for their products using a few hundred bucks and a good Google AdWords campaign. They can do quick surveys by email, study potential competitors' websites and even "mystery shop" the competition to find out where the gaps in the market exist that they can turn around and fill—for a profit.

This kind of information is available to everyone. You don't need nearly the time or capital that were once required to prove the viability of your idea. Gone are the long days, weeks, and months in the library, driving around from store to store, demon-dialing the competition to see what the customer experience is like. You can amass all of that information quickly and inexpensively, from the privacy of your own home.

SMALL BUSINESSES LOOK BIG

Now that small businesses have been empowered with information, they can compete with the big guys. A website, advanced software, and a strong, focused market offering will enable a small company to beat the pants off a bigger company. No heavy capital investment is needed. No store front is required. All the business owner needs is technology, passion and a good product or service to spread the word and she's in business.

When businesses required a brick and mortar shop, customers knew exactly how big a business was and could guess the success of the company by the size, location, and number of staff. Now, entrepreneurs are running entire companies out of their basements, and online consumers are none the wiser.

As long as there's a demand for their products and services, small business owners can achieve incredible success, no matter what large company might open its doors two blocks down the street.

THE MARKETPLACE IS GLOBAL

In 1998, Clate was in his MBA program. At the time, his older sister had started a business that made and sold a special kind of baby bow that allowed moms to swap out swatches of color-coordinated fabric in a lycra headband. One bow, three headbands, about 8 bucks. Her friends were buying them fast and things were really catching on.

But Clate's sister needed to get her bows into the retail distribution channel. She asked Clate to help her out, so he made calls to buyers at Nordstrom, Dillard's, and a few other department stores. The problem was the classic chicken-and-egg dilemma that so many entrepreneurs with products face. The buyer won't put them on their shelves unless enough units have sold to demonstrate the demand. His sister had sold

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hundreds, maybe thousands of bows, but that was a drop in the bucket to retail buyers.

So, Clate's sister was stuck. She could either invest tens or hundreds of thousands of dollars to get her product developed in mass quantities and distributed through specialty shops (which would build up unit sales to demonstrate demand to the big buyers) or she could fold up shop and lose the couple of years of blood, sweat, tears (and money!) she and her partner had invested.

As Clate's sister wrestled with this problem, Clate was in an MBA marketing class where they talked about distribution. After class, he went up to his professor, explained his sister's problem, and asked what she should do. The answer was profound.

"I feel for your sister, Clate. But if you guys can solve that problem, you will be billionaires."

Just a couple of years earlier, the problem *had* been solved, but Clate didn't realize it. A guy named Pierre Omidyar had created an online auction website. After the first item (a broken laser pen) was sold, eBay was officially in business. Since then, consumers have auctioned everything from brussels sprouts to airplanes to countries.

Without the Internet, global markets would be inaccessible to any but the biggest businesses. Proximity would be a key factor in determining which businesses consumers would buy from. One-man shops would be overrun by the cheaper prices (and often inferior quality) of big businesses. In other words, small business owners would be stuck with "distribution" problems as they tried to build their businesses.

So, we love the power of the Internet. We love the value and opportunity it provides entrepreneurs. And we love the Entrepreneurial Revolution that is happening all around us because of it. But before we get carried away praising the Internet, we'd like to issue one word of warning. As much as we love the Internet, it is also a huge contributor to entrepreneurial chaos, which you will discover in the next

chapter. For now, we'll move on to the last revolutionary factor.

THE PROMISE: THE OVERNIGHT SUCCESS STORY

The Fourth of July, celebrated as Independence Day, is not the day the United States won its freedom. The American Revolution had only just begun when this historically significant day rolled around. In actuality, the Fourth of July is the day attributed to the signing of the Declaration of Independence, long before independence was actually won.

Imagine that. More remembered than the day the colonists won their freedom is the day they declared their independence. Now, historians may correct us all they want to, but we believe this act to be significant because it gave the colonists something tangible to hold on to. It gave them a cause. It gave them hope. After all the frustration, fear, and pain, finally they held the promise of something better.

For the Entrepreneurial Revolution, the concept is the same. If corporate disillusionment provided the fuel and the Internet provided the means to start a revolution, then all that was left was to light the match. And the match—the spark that ignites the bonfire, the promise of something better—is a little thing called *The Perceived Overnight Success Story*.

The media certainly seems to be propagating the Entrepreneurial Revolution by sharing story after story of entrepreneurs who go from the garage to the penthouse almost instantaneously. There's nothing they like better than to share the unlikely tale of an "average" person who rises quickly to fame or fortune.

Now, right or wrong, workers in Corporate America look at the stories of successful entrepreneurs and they see "an overnight success." They see all the benefits that come to a successful entrepreneur: time, money, control, and purpose. But they don't see the chaos, the monumental struggle to build a successful business.

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Instead, they see the work schedule flexibility they crave, and they bitterly resent their boss for not allowing it. They see the successful entrepreneur buy a new car or new home, and they feel a twinge of jealousy. They see the blossomed creativity of the entrepreneur who advances their ideas in the marketplace—and they harbor feelings of resentment when their own ideas are not appreciated at work. They see entrepreneurs accomplishing their dreams—and they kick themselves for not taking action when they “thought of that idea first.”

These are all subtle, internal forces that decidedly tip the scale in favor of entrepreneurship. Granted, most corporate workers don’t pay attention to the years of blood, sweat, and tears that preceded the entrepreneur’s “overnight success.” But in a game of perception, that gross oversight doesn’t matter. Corporate workers feel their work life is just plain unfair, and they, too, reach out for the promise of a better, more satisfying life. A promise that sounds like this:

“I’ve always wanted to start a business; it’s time for me to pursue my dream.”

“Joe went for it and look at him now. If he can do it, I certainly can.”

“With all the layoffs around here, now’s as good a time as any.”

“I want the flexibility to call my own shots, work when I want and spend time with the family.”

“Honey, I just can’t take it anymore. I *have* to start my own thing.”

“I’ll start it on the side and build it up until we can afford for me to quit my job.”

“Let’s find a way to line up health insurance, get a little more in savings, and take the plunge.”

These are the conversations going on around kitchen tables across America. You probably said something like this yourself before starting your business. And if you haven’t ventured out

on your own yet, you still *feel* the reality of these statements, don't you?

THE HIERARCHY OF FREEDOMS

So the stage has been set. The three factors all perfectly combined to create revolutionary conditions; and the population responded by turning to small business ownership in droves.

But the cold, hard truth is that this is *still* a revolution. With any revolution, you have to expect casualties. Even if a revolution brings about positive change, it cannot be done without someone getting hurt. In this case, it's the entrepreneurs themselves who end up "wounded."

Payroll pressure, customer fires, employee hassles, challenges at home, inner struggles about whether you can pull it off, finding new customers, collecting on invoices, paying the bills, juggling technology, and, in effect, running 90 miles an hour with your hair on fire—that is the reality of small business ownership for the vast majority of entrepreneurs.

Even as new entrepreneurs emerge, others are closing their doors. As an excited college student looks forward to her new endeavor as business owner, others are wondering what they got themselves into. But new or old, experienced or just beginning, entrepreneurs will continue to press forward. Why?

Because finally, they have *a chance to find their own freedom*; and that's certainly a goal worth fighting for. That quest for freedom is the reason we jump into entrepreneurship.

A couple years ago, Clate was talking to his son, Tanner, who was 10 years old at the time. They were talking about business and what Tanner might want to do when he grows up. As Clate asked him the question, Tanner quickly blurted out, "I want to do what Jake's dad does!"

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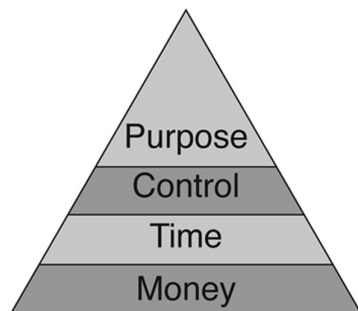


Figure 1.2 The Hierarchy of Freedoms

Thinking his young son was focused and motivated beyond his years, Clate said, “Great, Tanner! What does Jake’s dad do?”

“I’m not sure,” came the reply. “But he has a ton of money, and he gets to be home all the time.”

Tanner’s answer provided a rather blunt reality of what most entrepreneurs are looking to achieve. See, Tanner had it mostly right. Money and time are key motivators for driving people toward small business ownership. But they are not the only benefits. Control and fulfillment of purpose are ultimately necessary.

After years of working with entrepreneurs, we realized that freedom, true freedom, is based on a hierarchy of entrepreneurial needs (see Figure 1.2). Understanding the hierarchy will help you realize that money alone doesn’t result in long-term freedom. Likewise, if a business owner chooses to take time off, it’s not always because he has found his freedom.

MONEY

Whether anyone admits it or not, money itself is one of the most attractive features of owning your own business. For many people, it was the primary reason for leaving the corporate world behind. That’s because in the corporate world,

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people understand that no matter how hard they work or how brilliant they are, the same amount of money will be deposited into their bank account every month. Entrepreneurship, on the other hand, holds the promise of more money, lots more money. It's enough to get otherwise complacent individuals to take action.

That's okay. If there weren't a monetary reward in owning a business, hardly anyone would do it. The financial rewards of success almost *have to* be a part of the equation. It's not greed. It's capitalism. And it's what drives sharp people to solve difficult problems all over the world. Financial rewards, to the entrepreneur, are the grease that makes the whole thing work.

But money can be so elusive. It seems those who have it easily create more of it. Those who don't struggle continually to get it, which is why most entrepreneurs will never get past this level of the hierarchy. They might work for years believing that a little more money would provide them with the freedom they so desperately want to enjoy.

So where does that put you as an entrepreneur? Well, hopefully you're finding some success. Hopefully you have money and are finding ways to easily make more of it. But, while the personal benefits of some extra funds are certainly appealing, once you have money (and you're making more of it), you come to realize that money is no longer the means to the end. It's what keeps a business moving forward.

Has anyone ever told you that "the first million is the hardest to make"? When that concept was first shared with Scott, he laughed. Being young and lacking the experience he has now, Scott always wondered who would need more than a million dollars. You see, he wasn't thinking beyond his immediate desires at the time. As a young man, all he needed was enough money for a house with lots of land and the ability to take vacations with his family.

What he soon realized was money has no stopping point. As long as you hope to stay in business, you will continually need to bring in more sales. So, while your personal bank

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account may be getting fatter, you'll learn that money itself will not bring you the freedom you deserve. It's a start—a good start—but it is not the cure-all.

In fact, for the first few years of your business, you'll undoubtedly work long, hard hours just to keep the money coming in. Then you'll wish more than anything that you just had a little bit more time.

TIME

Despite the world's dogged pursuit of money, one of life's most valuable, precious commodities is time. Talk to a neighbor, a friend, a family member, and they will all say the same thing, "If only I had more time in my day, I could work wonders." Few individuals (if any) would say they find enough time to accomplish everything they want to do.

We can guess that time was another compelling reason you chose to be an entrepreneur. Chances are good you wanted to develop better relationships with your family. You had a desire to cheer on your son or daughter at a soccer game. You had a "to-do" list a mile long that you were never going to tackle and entrepreneurship seemed to be the answer. You wanted more flexibility in your work schedule so that you would have the time to do things that are important to you.

Yes, before actually starting their own businesses, many people believe that "being your own boss" means *they* get to decide when to work. If they needed an hour or two to watch a pee-wee football game, they could take it. If their family decided to go on vacation, they'd turn the business over to their employees, or simply close up shop for a week. As an entrepreneur, they wouldn't be tied down by a 9-to-5 job.

Small business ownership seems like the perfect solution for someone who knows the only time you'll "find" is the time you make available. But you've already come to realize the chains of time are even heavier when you're the one running the show.

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You might bring in thousands, even millions of dollars in sales, but if you have to work 14 to 16 hours a day to make it happen, you're not experiencing freedom. No amount of money can make up for the life you're setting aside to make your business work.

CONTROL

If you were to poll entrepreneurs about why they start their own businesses, we'd be willing to bet that money, time, and a chance to "be their own boss" would be the top three. Why? It all goes back to the factors driving the Entrepreneurial Revolution. People are so disillusioned by the corporate world that they don't want to suffer through it anymore.

In the time you spent working for other people, how often did you think:

"My boss is an idiot."

"If I were in control I would . . ."

"They should just ask me. I know a perfect solution for this problem."

"I would make a much better boss."

As you hear yourself repeat these phrases over and over in your head, it's no wonder you decided not to work for anybody again—except yourself. All of us feel a slight annoyance when *our* ideas, *our* thoughts, *our* suggestions are summarily dismissed. When you start to feel that your value as an employee and an expert in your field is being disregarded, then you want to take matters into your own hands.

The office politics of the corporate world do little to promote the voice of the working class. In an effort to climb the corporate ladder, co-workers infringe on each other's ideas and innovations, managers and directors frequently disregard opinions in favor of their own ideas, and decisions are made

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by a handful of executives who may be several steps removed from the situation.

For the entrepreneur, docile submission is not an option; and it never should be. You are an innovator. You have the power to create, fill market voids, improve the standard of life for those your business affects, and really make a difference in the world. Who is going to remember the work you did sitting in a cubicle amid hundreds of other workers? No one.

But your family, friends, and even acquaintances will remember you took control of your own circumstances. Rather than complain about your job, you set out to create your own stability and future. No amount of money or time can grant you that satisfaction. Nor can money or time instantly provide you with control. It helps. But all too often, entrepreneurs exchange one boss for another—their business. You'll know you've achieved the control you want when you can do what you want, when you want to. That kind of control is truly liberating.

PURPOSE

Collectively, every other reason for owning a small business can be boiled down to one simple description: purpose. Whether people love what they're doing, want to help a cause, or simply feel a need to create, their "purpose" motivates them to start their own business, and brings them ultimate fulfillment when the business is wildly successful.

Purpose is a tricky thing to describe. It's the one remaining element once your business is growing and you have time, money, and control. After all of that has been achieved, purpose answers the question of "what now?"

For the two of us, this book helps fulfill our purpose. You see, over the years we've developed a real love for small business owners. We've developed long-lasting relationships with our customers and our mentors. But as we've built our relationships, we've seen the pain so many entrepreneurs are

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going through. We know it doesn't have to be so tough, and our purpose is to help as many as possible avoid the chaos of business ownership.

Your purpose won't be the same as ours. When you reach this level of the hierarchy, you'll know what your purpose is—if you don't know already. Look at successful business owners and you'll nearly always find a philanthropic organization that is established as an offshoot of their company. Even the stingiest business owners will find a purpose beyond the immediate needs of their company or personal life.

That is what the quest for freedom is all about. It's the chance to do more than simply take care of your needs. It's the chance to live life according to your desires, ambitions, and hopes without worrying about your personal circumstances. It's like self-actualization at the top of Maslow's Hierarchy of Needs.

Whatever your purpose may be, you've got to be entirely devoted to it. Because if you haven't learned it already, you will soon discover that even the purest intent is lost once the entrepreneur becomes buried by the business.

It's easy to see how the quest for freedom, as defined by money, time, control, and purpose has led millions of Americans to small business ownership. The Entrepreneurial Revolution is sweeping the country and few are immune to its enticement. But no matter how compelling the end goal may be, most entrepreneurs are not prepared for the reality of small business ownership.

Unfortunately, the Entrepreneurial Revolution will, like all revolutions, have grave casualties. Of the roughly 1,000 small businesses that will be launched today (in the United States alone), most won't be around in three years. And many of those businesses that do survive will struggle mightily.

Revolutions leave casualties. The Entrepreneurial Revolution is no exception to that rule. This book is meant to help you as a small business owner find success so you don't become a casualty to the Entrepreneurial Revolution.

2

ENTER, CHAOS



Chaos in the world brings uneasiness, but it also allows the opportunity for creativity and growth.

—Tom Barrett

So what is chaos? To illustrate what chaos is, we'll use a metaphor we think most people will understand.

A couple of years ago, Clate started going to the gym after years of neglect. When he was young, he ran cross-country. He could go 10 to 15 miles at a time with no problems. But now he was 36. Caught up in life, his body had become—well, let's just say he was no longer the svelte man his wife married 15 years prior. So he bought a gym pass and got a trainer to help him get back into shape.

That first day, Clate was shown around the gym by a slightly arrogant personal trainer. The tour felt a little awkward. Clate already knew how to use the treadmill, the weight machines, and the free weights. The trainer was talking, asking Clate what his personal goals were, and questioning his previous experience with fitness. Clate just wanted to get going. Clate had an image in his head of a stronger, leaner body and he didn't want to delay any longer.

The second day at the gym, Clate arrived ready to work. He could feel his abs getting tighter even as he walked through the front door. But as he looked around, he had to take a minute to get his bearings. Where did he want to start? What did he want to accomplish? Had he really thought about the questions the trainer asked him? Was he ready to take this on?

Deciding to start slowly, Clate chose the most familiar piece of equipment, the treadmill. Taking the pace up to 3.0, he

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walked for a minute or two, orienting himself, and getting into the flow of the workout. That's when the trainer from the previous day spotted him. Pulling up alongside the machine he said, "Hi, Clate. You planning on going somewhere, or are you just here for a nice stroll?"

Clate laughed at his comment and allowed the trainer to increase the pace. Quickly, this guy doubled Clate's speed to 6.0. It was a good pace. Instead of a light stroll, Clate's legs were moving in a steady jog. His breathing got a little heavier and his body felt warmer, but he remained comfortable.

The entire time Clate jogged, the trainer stayed by his side and talked to him, which was fine. The only problem was that the trainer was increasing the speed of the treadmill. By the time the machine hit 7.2, things were getting tougher and Clate started watching the trainer closely. Again, the trainer reached out and boosted the speed to 7.3.

In a bit of a panic, Clate asked, "How fast are we gonna go?"
"Just want to see what you're made of, Clate."

Okay, wow! What a challenge. Either Clate would continue to run, proving his manhood to this complete stranger, or he would stop. Not one to back down from a challenge, Clate ran, watching every 30 seconds as the speed went up to 7.4, 7.5, 7.6, and onward. The speed was getting faster. Clate was afraid he'd lose his balance and fall off the treadmill. His legs were on fire and his lungs wanted to burst. But in his head, he was stupidly analyzing the situation like this: keep on running, or die of shame.

In the end, Clate was forced to reach up and hit the emergency stop button. He didn't want to, but he also didn't want to end up in a heap on the floor. Bending over and grabbing his knees, Clate gasped for breath. He chugged down the water in his water bottle, grabbed his sides, and walked around to regain control over his body.

The trainer actually laughed at him. "You've got some amazing stamina, my friend."

Enter, Chaos

Days after that experience, Clate continued to feel sore. His muscles tightened up. Standing up seemed almost unbearable, and it was quite a few days before he could bring himself to head back to the gym.

For the entrepreneur, starting a business is like jumping onto a treadmill. You know it's going to take some work, but you can handle it, especially since you're in control of the speed. But here's the problem: Once you've stepped onto that machine, the control is no longer yours. A trainer, bearing the name of "Customer," has just sidled up next to you. And he is increasing the speed on the treadmill whether you like it or not.

In front of you is a fellow gym member who is fit and trim and looks exactly the way you want to look. As he runs on his own treadmill, he teases you with his easy stride and slow, even breathing. That is what you want to achieve. That is the reason you joined the gym, yet this person seems to be taunting you with his perfect fitness.

Still, you can bear the challenge. That is, until another trainer, bearing the name of "Payroll" starts yelling at you from behind, followed by other trainers called "Competition," "Technology," "Compliance," and so on. These trainers are raising the incline of the treadmill, making your workout harder, and reminding you that you *must* keep running if you don't want to die of shame and let down a whole bunch of people.

We could go on and on with this metaphor. But you're in the middle of this; you're fully aware of the chaos you're fighting. And you know what a lonely, difficult fight it is—even though entrepreneurs everywhere are going through the same pains as you.

In the last chapter, we mentioned that only those who have experienced small business ownership will ever be able to understand the chaos that comes from being a small business owner. So, before we get carried away discussing chaos and

its effects on the small business owner, we'd like to relate our own story.

Now, we're not sharing our story because we want to go on an ego trip. We are very much aware that we're only two people of the millions of people who go through the business ownership turmoil. Our intent is to give a clear portrayal of the drastic effects of small business ownership, to let you know that living in the chaos has provided us with perspective, and to let you know that there *is* a way to conquer the chaos.

THE INFUSIONSOFT STORY

When we first started Infusionsoft, we really had no idea what we wanted to achieve. All we knew for certain was:

- We had the chance to work for ourselves,
- We were sticking it to the man, and
- Our earning potential was entirely in our own hands, which felt good.

But despite these advantages, it didn't take long before we found ourselves in over our heads and questioning whether we were going to be in business from one month to the next. Naïve as to what was yet to come, we continued to plug away with a glimmer of hope that our budding company would become successful.

The chaos didn't strike all at once. Business ownership seemed exciting at first. We talked about hiring employees, buying our own office space, and acquiring perks and benefits through the business. Our shelves were lined with books that shared the rules for business success. We let ourselves daydream about the life-altering breakthrough we were sure to experience and the financial freedom we were sure to find. We were all working together as close friends. Furthermore, we weren't being tied down by corporate jobs.

Enter, Chaos

But the chaos was steadily changing our reality. Within weeks, the amount of work required to run a small business forced all of us to reevaluate our situation. We began spending more and more time at the office, frequently working through the night just to get projects completed. We forgot the meaning of the term “lunch break.” The phrase “9 to 5” dwindled to an ancient and regrettable memory.

It didn't take long before our only option was to eat, sleep, and breathe our business. But worse than the hours put in at the office were the stress and fear that appeared one day and never subsided. These feelings started as a nagging in the back of our minds and soon developed into a full-blown monster raging in our heads.

We were worried about our product, our clients, and whether or not we'd be able to pay our personal mortgages. The carefully avoided question was whether or not we could even make this business work. As if that question wasn't taking its toll, we also developed small business paranoia, the gripping fear that causes business owners to feel the business will crumble to the ground like a house of cards if they step away even for a brief moment. We felt like we couldn't go on vacation, on a date, or to our child's little league game without jeopardizing the business.

Life had suddenly taken on a whole new meaning. Like every new small business owner, we felt trapped, controlled, and consumed by the business. What had happened to the freedom we were seeking? We were propelled into the age-old fight for survival, and the battle wounds were starting to show.

We rarely saw our families, and even when we were around, the business dominated our concentration. We had less patience and little devotion to the people who meant so much to us. Our minds were busy, our stress levels were increasing, and we completely forgot what it meant to live our lives.

Despite the raging personal battles, and almost miraculously, our company progressed, and we hired a few employees to help us manage the work. But, as we expanded, rather

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than finding more time, additional business, and helpful solutions, we found ourselves wrapped up in more problems! Rather than alleviating the chaos, the growth of our company seemed to be perpetuating it.

For one thing, in order to keep the company moving forward, we needed more money—a lot more money. Making payroll required a lot of cash. We invested our personal finances into building and growing our company. Multiple mortgages were taken out on homes. Savings accounts were pooled. We replied to all those credit card offers and racked up piles of high-interest personal debt. We leveraged whatever financial resources we had. Still, it wasn't enough. We were continually panicked about being able to pay the bills.

On a couple of occasions, we had to approach our employees and explain we couldn't make payroll. To our employees' credit, they stuck it out and worked hard to help us get through the tough times. Meanwhile, as the co-founders, we often went months without seeing any money, or paying any of our personal bills. For a period of about 10 months, we paid our mortgages 30 days late almost every month, because that was the soonest we had the money to pay it—just in time to avoid a 30-day late rating on our credit reports.

But even as we tried to budget, even as we gave up our own income, the money continued to run out, and the creditors continued to come calling.

Clate felt particular embarrassment one night when his 8-year-old son asked, "Dad, why are you so mad?"

"Because a freakin' creditor called me on a Sunday!" Clate snapped.

The next question was, "What did he want?"

"He wanted to know why I haven't paid my bills."

"Well, Dad, did you tell him it's because you haven't made enough sales?"

Clate's family all had a good laugh and Clate was glad his son understood how important sales are to a small business

Enter, Chaos

owner. But that wasn't much solace. The pain we were all feeling was suffocating.

Another time, as Scott sat in the hospital with his wife and brand-new child, he was on the phone, closing a deal. When his irritated wife chided him, he looked down at the newborn baby and said, "You want to be able to afford the hospital bills, right?"

If ever men felt completely overwhelmed and humbled, we were those men. Our *entire lives* were wrapped up in a love/hate relationship with a draining, consuming company. The truth is, there were times when we wanted to get out, but we couldn't because we had so much debt, pride, and fear wrapped up in the business.

We found ourselves struggling to balance our dream and vision for our company with harsh realities. The truth was, without Infusionsoft we had no idea what we were going to do. After a couple of years, we'd invested so much time, money, and effort into the company that failure would have been the ultimate devastation. So every day we trudged through one challenge after another. For the first two and a half years of our business, Infusionsoft was hanging by a very, very thin thread. In terms of our treadmill analogy, the speed was lightning fast and we were so out of balance that we felt a wipeout on the rubber tread was imminent.

Then finally—finally—the clouds started to break, and we knew Infusionsoft was going to be around for a while.

A few favorable circumstances eased the chaos just long enough for us to turn down the speed on the treadmill and achieve a sense of balance. Almost accidental realizations gave us the knowledge to start breaking through the chaos to liberation.

We managed to formulate and perfect our business plan as we went along. We found easier, less time-consuming ways of running the company. We also worked on controlling the chaos in our own heads. Eventually, we moved past the

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majority of our problems. We were starting to think more clearly and we were starting to recognize there is a better way to run a small business.

Now, as we recount this story, we can smile at the crazy situations we made it through. We can share memories with the loyal employees who stuck with us, and we can laugh together about the funny things that happened back in those days, like the time the two of us took a client to lunch and both forgot our wallets. (He graciously agreed to pay.) Or the time we left the Arizona Farm Bureau Insurance offices after making a software proposal to their marketing director. We walked down to the parking lot, got in Scott's beat-up pickup truck (which was nicer than Clate's beat-up truck which didn't have air conditioning), only to find it needed a push start—twice. Yeah, that was fun to do in the client's parking lot, right beneath the second story conference room with floor-to-ceiling windows where we had just made our software proposal. Talk about humiliating!

But, although we are no longer crammed into a tiny, little office space or driving old, beat-up pickup trucks, we haven't lost touch with where we came from. These experiences intensified our resolve to ease the pains of entrepreneurs who are struggling to grow a business, because it really doesn't have to be so hard.

SYMPTOMS OF CHAOS

Despite the overwhelming power of chaos, no one seems to be telling your story—the true story of the entrepreneur. Unless you are one of the rare overnight success stories, very few people care about the time, energy, passion, and pain you are investing in your business.

New entrepreneurs embrace small business ownership with very little thought about the work and ridiculous devotion a

business will claim from them. But it won't be long before they too have experienced all the forms of chaos—physical, mental/emotional, and social—you know so well.

PHYSICAL

For most business owners, it starts with a lack of sleep. As entrepreneurs get more and more involved in their business, they need to find ways to make up for the time they don't have. Although they race all day to get things accomplished, when they fail to meet deadlines or sales numbers, they supplement their schedule by giving up the only time they have left—their nights.

The lack of sleep is soon coupled by an inability to exercise—who has time for that? In our case, we didn't have time to eat, and when we say that we couldn't afford to eat, that's not far off either. Just taking the few extra minutes to fix and eat a meal was time we could use to close a sale or help a customer. Plus, how can you think about eating when your entire schedule is packed with one important task after another?

Now, these are the tangible elements of physical health. Most of us have a clear understanding of what happens to our bodies when we fail to eat and sleep. But, that's only the beginning. The extent of poor physical health goes beyond the basic necessities of eating and sleeping. While your body fights to stay awake (and you load it with caffeine just to get through your day), stress is breaking down all of your physical defenses.

Headaches become commonplace. Immune systems break down. And nagging colds seem to linger. But of course, you've got to work through all of that.

And as if all those symptoms aren't enough, the mental and emotional symptoms move in, reminding us how very human we are.

MENTAL/EMOTIONAL

In addition to running around like a chicken with its head cut off, small business owners are constantly fighting the mental battle of ownership. No matter how good the business plan, no matter how much time you spend preparing for small business ownership, human nature means we continually question our environments and beliefs. So, no matter how certain you might be about your business when you start it, once you find yourself enmeshed in chaos, it's a lot harder to keep believing you're going to survive.

Friends, family and on-lookers question whether you can make the business work. Any time sales decrease, we feel pressure. Are customers also questioning whether we can make the business work? Am I crazy? Do I really know what I'm doing?

When mistakes are made, the ball gets dropped, or customers are unhappy, it's easy to blame yourself, which only adds to the uncertainty and paranoia. In order to make up for the mistakes, lost revenue, or any other things that could go wrong, business owners spend more and more time at the office.

When an employee's performance falls below par, the business owner takes on new frustration. They may feel disappointed, taken advantage of, or even betrayed. As a business owner, you expect the most from your employees, but it won't take long before you come to a truthful conclusion: your employees will never be able to care about your business the way you do.

Through it all, you may start to question whether you, a single person, can really take on all the problems of small business ownership.

But usually, by this time you realize that you can't get out. Even if you wanted to, you are in a position *where you have become the business*. Everything is dependent on you because this is your baby. When we realize no one cares about our

business like we do, we allow the business to take over our lives.

When you feel your business is at risk, your life feels at risk. When money runs low or the bills aren't getting paid, the small business owner gets a second mortgage or small business loan to keep things going. After all, giving up on your business is like giving up on yourself. The distance between personal life and business life diminishes to nothing. Not only are lines crossed, there *are* no lines!

We dealt with all of these problems—and not just in the early, uncertain days of the business. Even after the business got off the ground, we felt some of these plagues of business ownership:

- Inability to stop thinking about the business (even when we could sleep)
- Distracted at home
- Mistakes made from the inability to focus on detail
- Lower self-esteem
- No peace of mind
- Desperation
- Depression
- Denial
- Fear

In private, Clate considered getting “a real job,” and he strategized how he could pay off his business debt if he walked away from the business. Scott considered purchasing lottery tickets as a feasible way to get out of debt. Furthermore, we completely forgot who we were as people, but our friends and family didn't. And that only made life harder.

SOCIAL

When we started the business, one of the first things we were forced to give up was our relationships. To put it bluntly

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and embarrassingly, we didn't have time for friends and family. And after a while they didn't have any desire to put up with us.

The first destructive step in the social outlook is the loss of dependability. After you miss a block party here, cancel a golf game there, and repeatedly turn down dinner invitations, friends stop reaching out. Sure, they'll talk to you at church or when you run into each other by chance. But no one wants to invite you anywhere, because chances are you'll either forget or end up canceling.

A good friend of Clate's whom he hadn't seen in years flew in for a single day of conferences. Eager to reestablish ties, this friend called up weeks in advance to let Clate know he was coming. They planned to go to dinner. But the night he came to town, a crisis sprang up. Today, Clate can't remember what kept him from going, but he does remember the disappointment in his friend's voice when he called to say he wouldn't be coming. In speaking with his friend, Clate almost changed his mind. But by then the company had a stronger hold on him than even life-long friendships.

You know, revealing our stories makes us sound like real jerks, but that wasn't the case. We just couldn't think beyond the business. However, we know we're not the only ones who go through situations like this.

The entrepreneur's family members are usually impacted as much as anyone. Think of the impact long hours at the office has on family life. Business owners work all day, deal with unpleasant customers, and are constantly putting out one fire after another. By the time they go home, they're tired, frustrated, and short on patience. Surely you can guess (if you don't already know) what this end-of-day exhaustion does to marriages, parenthood, and other important relationships.

The longer you work in your business, the more distant your relationship with your spouse and children is likely to become. Not that you ever hope or plan to place your family second on your priority list, but they just naturally become so.

Enter, Chaos

Then, we do some weird rationalizing in our heads to the effect that all the hard work we are putting into our business is really to improve the lives of our family. But that's just an excuse to keep running faster on the treadmill. In the meantime, we have families at home wanting their old mom or dad back.

Small business owners everywhere experience the same devastating circumstances. Children and spouses stop trusting and respecting you. When you are home, you might as well be at the office. Without knowing what's happening, your family slowly slips away from you. Oftentimes, small business owners are so ingrained in their business that they don't recognize these unfortunate circumstances. Distrust, resentment, and anger make their way into the relationship.

The good news is that business owners don't have to choose between their business and their family and friends. It *is* possible to grow your business *and* maintain your lifestyle. We'll show you how to do that shortly, but for now just know that it is possible. All you need is the right formula for success. But to understand that formula, you've got to understand where the chaos is coming from.

CAUSES OF CHAOS

It really doesn't matter how you start your business. You could start with piles of money at your disposal, an incredible team of employees, phenomenal mentors, and a bunch of customers lined up to buy your product; or, you could be the entrepreneur with nothing more than an idea. In either case, you are going to experience the chaos. No one escapes it.

So what is the problem? Where does the chaos come from? How does a small business owner find herself gasping for air on a treadmill? Once you understand the answer to this question, you will understand why the formula for success is so powerful.

So let's look at the causes of chaos:

- You're wearing all the hats
- You don't know how to grow
- You are growing—the wrong way
- You're drowning in technology
- You have no central focus

YOU'RE WEARING ALL THE HATS

Think back to when you were working for someone else. Why was it so much easier? Because you had one job to do—just one.

When you become a small business owner, that one job immediately is transformed into 10 or 15 different roles. In addition to selling products or services, managing employees, handling the overhead, and budgeting expenses, small business owners really have little time for anything else. The sad truth is that few business owners are able to spend any time growing and improving their business. Their attention is being constantly pulled in one direction after another, and by the time they have a moment to themselves, they are too drained to do anything more than run the same old gauntlet.

But it doesn't ever stop. Owning a small business doesn't just mean that you have a set number of tasks to do. You never know what's going to creep up next. One day, if the toilets overflow, you'll be forced to add janitor to the roles you take on. (Let us assure you that no matter how in control you might feel, the toilets have a sneaky way of tossing you back into the midst of chaos again.)

Another day, you become a delivery boy. When you fail to meet a customer's needs or a check hasn't been mailed on time, you'll find yourself racing around town getting things where they need to be when they need to be there.

There is no one to back you up. There is only you. If something goes wrong, you have no one to lean on. If you mail out

a marketing letter with misspelled words and wrong information, you have only yourself to blame. If you fail to keep solid records, you will be the one giving up your salary to pay additional, unexpected taxes.

Being the entrepreneur means you play *all* the roles in the business—you wear all the hats. (Unless, of course, you hire employees to take on some of those responsibilities. Even then, you'll have more than your fair share of roles to fill. And now you've got to worry about payroll.)

YOU DON'T KNOW HOW TO GROW

Despite the popularity of entrepreneurship, growing a business is a tremendous fight. You've got to continuously find customers willing to buy your products or services. Plain and simple, without customers, you can't grow a business. You're going to have to pound the pavement to drum up new customers. Meanwhile, your bills still need to be paid.

If you're running the business alone, you are responsible for (1) finding new customers, (2) fulfilling on services for new customers, (3) billing new customers, (4) collecting payments—and the list goes on. That's a lot of work for one person to do. And the worst part is that if you want to grow, you've got to do all this stuff simultaneously. Because if you aren't constantly filling the funnel with new prospects, the pipeline breaks and something or someone (probably you) doesn't get paid.

YOU ARE GROWING—THE WRONG WAY

If you had figured out how to grow your business, you wouldn't be reading this book, right? Not necessarily. Ironically, growing your business the wrong way can actually be more painful than not growing your business at all.

You see, even if sales are flooding in, even if you're making money hand over fist, you can't neglect your other

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responsibilities. You still have products and services to fulfill, accounting issues need to be addressed, vendors to be paid, employees to be managed, and so on. Though it would certainly be a lot more fun to focus on sales, your time and attention are still required throughout your entire business. But now, with more sales, there are more fulfillment needs, more transactions to track, more products or equipment to be purchased, more required space to work in, and much more chaos!

If you're not prepared for growth—if you haven't got a process in place to manage it—then its arrival is going to demand more of your time and effort. And the result will be that the ball gets dropped, customers get angry, and you'll be running around frantically trying to make everything work. In short, you'll become intimately familiar with the term *growing pains*. So yes, the business may be growing, but you won't be conquering the chaos, and you won't be anywhere close to finding your freedom. Instead, you'll be going crazy!

YOU'RE DROWNING IN TECHNOLOGY

Remember in our discussion of the Entrepreneurial Revolution how we praised the Internet? Well, now we're about to tell you why it's not always our friend. In fact, the same technology that makes it easy to become an entrepreneur can, in many ways, become our arch-enemy. Here are some of the ways.

Data Overload

As great as we think email is, this communication method alone contributes significantly to the chaos. We are constantly bombarded with requests. If we don't have a way of managing the inbox, it will manage us, forcing us into a reactive mode all day long, doing whatever the email senders want us to do

instead of doing what will propel our business forward. Email is a big culprit in pushing us from proactive mode to reactive mode.

Social Media Communication

With the Internet technology, communication has increased. Although theoretically, being able to communicate should contribute to your business, in many ways it's too overpowering. Instead of phone calls and letters, we now have to worry about phone calls, letters, emails, faxes, texts, Twitter comments, blog comments, and more.

Too Many Solutions

The Internet has also managed to provide small business owners with too many solutions to their business challenges. That sounds misleading, but companies have developed every possible business "solution," from billing to contact management to email marketing. However, because your business is unique, because no one manages their business quite like you do, how can you possibly be expected to know which solutions will work for you?

Speed

When letters were used as the primary method of communication, business owners had several days of lag time to respond to a customer's request, concern, or situation. Now, a few days is insufficient for making things right. If small business owners fail to respond in a timely manner, they appear to not care. After a while, the entrepreneur is consistently running, running, running just to stay caught up with the most pressing demands.

You Have No Central Focus

In every new beginning there is chaos. Just think of the long list of things the owner of a new business must figure out and put into place before it can run smoothly:

- Organization of a corporation
- Products or services to offer
- Location, office space, equipment
- Marketing strategy
- Sales process
- Customer service and fulfillment
- Employees, payroll and taxes
- Billing, collections and bookkeeping
- Return or refund policies
- Contracts
- Partnerships

In and of themselves, each of those things could take months, even years to perfect. The processes and requirements of each one can amount to thousands of hours of work. But, in most cases, the small business owner alone is responsible for setting up, managing, and maintaining these tasks and responsibilities.

But which one do you start with? Are there some that can be left until later, or do they all have to be done now? Is it more important to focus on making sales once the business is up and running, or should the goal be to create a marketing plan so that business picks up quickly?

For just a moment, think of all the things you were dealing with when you first started your business. It's a wonder that with all the concerns demanding attention in your brain, you were able to make it through the initial stages at all.

No matter how many books you read, no matter how good a business plan you have, the moment you step into business, you've got a million-and-one things that need to be done.

Enter, Chaos

Too often, we hear new small business owners say, “I’ll just take it a day at a time.” Now, although that philosophy works for different aspects of your life, it’s not going to save your business. You can’t just take it a day at a time. You need a plan, because in the time it takes you to complete one task, three more are created.

Hard work and endurance will get you far, but it will not get you out of the chaos. Sure, you might experience little wins here and there, but if you’re not pressing forward with the *right* kinds of actions, you’re not going to see any systematic growth in your business. It will always be the success of a lucky guess. And just how long do you think your luck is going to hold out?

Once a small business owner realizes exactly what the chaos is and what’s causing it, there is a tendency to get discouraged. That’s because to most people, this situation looks impossible. After years of fighting chaos, even seasoned small business owners resign themselves to the struggle. They come to the conclusion that they can either (1) work in chaos or (2) give up and go back to working for somebody else.

We would say—choose option (3). Conquer the chaos and start living the life you always expected to have as an entrepreneur. We’ll show you how.