

Let The Seller Beware - A Quick Guide To Protecting Your Small

Business

By Sue Duris

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These days, being a “free agent” comes with some great advantages. In this economy, with all the layoffs and new ways of doing business as a result of budget cutbacks, companies are looking to outsource wherever they can. That means free agents have a lot of opportunities for new projects, new customers and more revenues! However, every advantage comes with a disadvantage. While there may be more customers, there’s always those few potential customers who may want to take advantage of the recession and not get around to paying you for your services. Remember, the “free” in “free agent” does not mean that you work for free!

Of course, maybe you think “that will never happen to me”. But you always need to be prepared and careful in any business situation. Your customers will thank you for it. To protect yourself, follow these basics below and you and your customers will enjoy happy lives together...

-Make sure you have a flexible, but solid services agreement. You want to ensure that you have a strong services agreement that references your products/services, prices and payment, you/your customers’ responsibilities, contract terms, etc. Don’t forget to add an “out” clause and make the contract flexible enough to incorporate any customization you provide to your customers. Sit down with your attorney and craft an agreement that is easy to understand.

-Determine your standard pricing as well as your minimum price. Some companies use a “cost plus” methodology — namely, taking costs and adding whatever percentage they want their profit margin to be. Womenowned.com states that a good rule of thumb for a one-person business is to take \$90,000 and divide it by 1200 hours. That will determine an hourly rate. Next, you will need to determine your minimum price. This might be your minimum price or you might consider adding some “negotiating” room into your pricing.

-Set the ground rules quickly. When meeting with a new customer. Set the ground rules early — set prices, payment schedule, project scope, project and deliverables timelines, major milestones, etc. — and leave minimal room for interpretation.

-Communicate, Communicate, Communicate. Preferred communication should be in-person or via telephone. Limit your email communication to appropriate items such as document transfers or

weekly updates.

-Every negotiation and relationship should be win/win. That means that it is a benefit for both you and your customer to do business together.

-Know when to say when. It is not a bad thing to walk away from a potential customer if you feel that the relationship will not be a good move for you. Just remember to not let this drag on, so cut your losses early and be willing to move on.

-Walk the walk. This is the most important aspect of your relationship with your customer. You said all these wonderful things in your meeting and contract. Now prove it. Be credible. Under-promise and over-deliver!

Following these steps will not only protect you and your customer, but it will lead you down the road to developing strong relationships with your customers, which will result in new and repeat business for you, your main objective.

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