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“Cheap Tricks for Starting Your Own Business”

Caveats:

1. My business is new. I don't yet know if I'm doing everything right. But I've been helping to manage a small **firm** for 18 years.
 2. I'm not an attorney, a tax consultant or an accountant.
 3. Starting a business isn't necessarily “cheap” but it can be done “on the cheap”.
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WHEN: Start half-way through the year.

- If you've been working a full time job then you've probably already paid enough taxes for the year, or close to it. That's because of all the write-offs you'll probably have as a start-up business, along with the relative lack of income in the beginning.
- You only get 50% of the **first** year of any depreciable assets anyway.

WHERE: A home office is the obvious choice, at least to start.

- You get the tax write-offs for a dedicated business use of that portion of your home.
- No rent.
- The additional utility costs are not much higher.
 - Even with air conditioning our electric bills were only \$20 per month higher.
- No commuting costs (I have partners, so it doesn't work out as well for them).
- A space where you can close the door and separate yourself from the rest of the house is ideal.

EMPLOYEES:

- Don't hire 'em. Not in the beginning anyway.
- Once you hire someone you have to deal with and begin paying for unemployment insurance, workman's **comp**, not to mention a regular paycheck.
 - As a rule, an owner won't get to collect unemployment if the business goes under.

PARTNERS:

- Having partners increases the number of business contacts, since you each bring some to the firm.
- Split all the startup costs between your partners. This substantially decreases your personal cash output.
- Splits up the workload (for instance, I do the accounting, Steve does the project management, and Brian and I do the marketing).
- Clients may see your company as more “viable” for larger projects with all that qualified staff.
- It's been very pleasant working with my piers right from the start.

PHONE SERVICE:

- You can keep the phone costs down by using your home phone (though you may not want to, and we didn't).
 - Business phone service costs more than residential service (there is a connect fee even for local calls)
- If you have a lot of anytime-minutes on your cell phone you can use that.
- Start with one phone line instead of two, then get the “distinctive ring” feature on your phone line. It's cheap (**\$6.30/month**), and allows you to have a separate phone number for your fax machine.
- For **\$12/month** we got Verizon's call answering service. If we are on the phone line or not in the office, people will get a Signature Architects recorded message instead of a busy signal. Can also set up to 9 employee mailboxes.
- We purchased a wireless system that allows us to plug a single base unit into a single phone jack, then have up to 7 wireless handsets using that same line. The system we got can accommodate a second line when we get one.
- If you add a business line, do your own wiring. Each phone line requires only 3 wire strands, **but** most phone line has 6 wires in it, so you can just buy a split, 2-line phone jack to replace your single jack. Wire the second set of three to the jack for your new business line.

INTERNET:

- If you already have home service, use that. We have Verizon DSL.
- DSL works through your phone lines and does not require new wiring like cable access.
- Only 1 DSL modem can be active at one time, so if you buy a second one for your business you'll have to turn off your home modem while the office modem is on, and vice versa.
- Our Verizon service gives us up to 5 e-mail addresses, and allows us up to 10MB of web space – plenty for a simple business web page.
- DSL for a home is less expensive than for a business, even to the same building. If working out of your home, tell them it is for personal/home use.
- Use Word, Word Perfect, Netscape Composer, or any other free software to create a simple web page.

INCORPORATE:

- If you don't have a complicated partnership you can do it yourself, online.
 - Web address: corp.sec.state.ma.us/corp/
- The corporation can offer tax deductible perks to the partners.
 - Give yourselves a monthly automobile allowance, rather than tracking actual expenses (gas, milage, repairs, etc.)
- Note that a corporation only protects you from creditors, it does NOT protect you from professional liability. Your only protection there is professional liability insurance.

PROFESSIONAL LIABILITY INSURANCE:

- Shop around for quotes.
- Note that many insurers will NOT cover liability for condominiums (CNA/Shinnerer does).
- Determine the liability coverage you need now. You can start low, then increase the coverage and premiums at any time later, like when you get that big project.

SOFTWARE:

- DataCAD:
 - still one of the most cost effective programs out there
 - if you have a DCAD Plus dongle, that will run DataCAD 10. We have 2 licensed copies that two of the partners had, plus one station running with a Plus dongle.
- MS Office: Already installed on most computers, and has word processor and spreadsheet.
- Netscape or IE: At least one is already installed on most every computer.
- Cheap Tricks Ware: world.std.com/~eshu/ctw/ctw.htm

OFFICE EQUIPMENT:

- Used office furniture: look on the internet or the phone books. Companies buy office furniture from companies that go out of business, then sell it cheap.
 - Meadows Furniture @ (508) 879-8693, 59 Fountain Street, Framingham
- See what you already have around your home. We came up with a large table, a couple of chairs, 3 short filing cabinets, and some small waste paper baskets.

LIBRARY:

- Used books: Amazon.com and eBay.
- Codes: You need them, and they must be up to date, so no cheap tricks here. Go to the State Book Store on Beacon Hill and get 'em.
 - Or online: www.state.ma.us/sec/spr/sprcat/catidx.htm
- Sweets: Many design offices are trying to get rid of 1 or 2 year old sets. There are often not many takers. You can ask your piers if they or their office are trying to unload them for free.
- Product Info: Manufacturers' brochures and product data are free for the asking. Save yourself the cost of a phone call by looking them up online first, to see if you can order them from the web site.
- Cheap Tricks Newsletter: world.std.com/~eshu/cheap/cheapcc.htm

MARKETING:

- Business cards: make your own. Buy sheets of Avery perforated business cards and print them with your inkjet or laser printer.
- Binding machine: GBC binders from Staples, etc. Or the one we got: the RubiCoil manual punch machine, plus pvc spiral bindings:
 - <http://delran.com/equipment/spiralcoil/>
- Modem Postcards: we got 500 2 sided cards with glossy full color on the front, for \$137.00. And post card postage is only 23 cents.
 - www.modernpostcard.com/

- PIMEX contact manager, and also the best label printer I have found
 - ◻ www.pimexonline.com/
- Office stationery:
 - Word processing programs have standard forms and letters. Use those to get started.
- Free project notifications:
 - GSA projects: www.eps.gov/EPSTVendorRegistration.html

OFFICE SUPPLIES:

- W.B. Mason: has the cheapest prices I've found, and have free delivery.

ACCOUNTING:

- Do it yourself, at least at first. You'll understand more about your business and taxes, as well as saving money.
 - You can always have someone else keep your books later as you get busier or less interested in accounting.
- I still suggest you spend a couple of hours with an accountant to figure out how it all works.
 - Read up before you go, so you know what to ask
 - You might get that first consultation for free if you tell them you want them to do your taxes
- If you are going to keep your own books, consider Quick Books. Most accountants use it, and banks like Fleet offer free downloads of your account data, which can be reconciled directly with QB.
 - QB also allows you to easily track outstanding invoices.
 - QB can create all your invoices. And when you do, they are automatically added to "accounts receivable" for tracking. When the bill is paid QB automatically takes it out of accounts receivable and credits it to your bank account.

HARDWARE:

- Don't buy it until you need it
- Plotter: refurbished HP 650C (color), 36" wide, with **JetDirect** card, manuals, ink and shipping for \$1,750.
 - www.pmount.com/hpplotter_specials.asp
 - or www.designjets.com/

FREE STUFF:

- DBUG Forum listserve: world.std.com/~eshu/links.htm#subscribe
- "The Construction Specifier" magazine: www.constructionspecifier.com
- NCARB: www.ncarb.org/publications/freepubs.html
- Online: www.chiff.com/art/architecture/publications.htm

BARTER SYSTEM:

- Trade some architectural services for other professional services, like accounting and legal. Just make sure you're not getting the short end of the deal.

OUR HARDWARE & SOFTWARE:

ITEM	MODEL	COST
Phone	Base station + one phone: AT&T 2462 2 extra phones: AT&T 2402 (\$80x2)	\$200 160
Phone Service	Installation & Activation Basic business service (\$13/month) 2 nd # / Distinctive Ring (\$6.30/month) Answering Service (\$12/month)	\$90
Laser Fax/Print/Copy/Scan	Brother MFC 6800, flatbed, w/ document feed	\$350
Computer	Dell: 2.4GHz P4, 256MB RAM, CD, CD-RW-DVD, 40GB I-ID, 17" monitor, lots else; incl. shipping	\$744
Plotter	Refurbished HP 650C w/ Jet Direct network card, and 4 brand new ink cartridges (incl. shipping)	1,750

Network		
DSL Router	<ul style="list-style-type: none"> o Netgear RP6 14 o Do NOT get LinkSys. Difficult installations, and don't work well with Multi-Function Devices. 	\$60
Print Server	<ul style="list-style-type: none"> o Linksys EPSX3, 10/100, 3-port Print Server o Yes, in this case DO get the LinkSys. Netgear does not work with a multi-function device (like out Brother MFC 6800) 	\$150
Network Hubs (x2)	<ul style="list-style-type: none"> o Netgear FS608, 8 port Hub o Do NOT net LinkSys. Difficult installations. 	\$60
Color Printer	Epson Stylus Photo 1280 – free. Partner already owned it. <ul style="list-style-type: none"> ▪ Handles 13"x19" paper which is perfect for 50% check plots of 24x36 sheets 	0
Coil Binding Machine	RubiCoil, + crimpers & box of spiral binders	\$236
Color Scanner	Microtek 4800 – free. Partner already owned it.	0
Desks (x3)	Sawhorses and hollow core birch doors, painted (x3)	\$114
Chairs	1 – free: partner already owned it. 2 – cheap from Staples.	0 \$90
Other Furniture	Light fixtures, filing cabinets, one layout table, office supply storage, and one chair all came from the homes of the partners.	0
Bookcases (x2)	72" high bookcases (x2)	\$94
Office Supplies	Everything from paper to pencils to staplers.. .	+/- \$300
Quick Books Pro	The Basic edition would have been fine, but we wanted a feature in Pro that allows time tracking.	Pro: \$170 Basic: \$120
PIMEX	Shareware contact manager	\$35
DataCAD (x3)	We already owned 3 copies, so no cost there.	0
MS Office	It's already installed on everyone's computers.	0
Netscape / IE	It's already installed on everyone's computers.	0
Books	Quick Books for Dummies \$22 Accounting for Dummies (used, from Amazon) \$17 Small Business Kit for Dummies \$24 Incorporating Your Business for Dummies (used, from Amazon) \$14	
Marketing Postcards	Modern Postcards. 4-1/4 x 6 . full color front. black on back.	\$137

Total..... \$4,767

**Without the 2 big-ticket items of
the computer and plotter \$2,273**

BOOKS / REFERENCES:

- Quick Books: Quick Books 2003 For Dummies
- Accounting: Accounting for Dummies
- Small Business Help Small Business Kit for Dummies
- Incorporation
 - o Incorporating Your Business for Dummies
 - o State (Massachusetts) incorporation web site: corp.sec.state.ma.us/corp/
- DataCAD (available from DataCAD web site)
 - o The Official DataCAD User's Guide
 - o Advanced Construction Drawing and Visualization