



Maryland Society of Surveyors Fall Conference
Solomons, MD
October 28 - 29, 2016

"Starting Your Own Surveying Practice"

Many surveyors dream of starting their own firm, but most have no idea how to start. This session will feature one surveyor's experience going out on his own, including how he took the plunge, what he did to get started, how he grew, survival during a down economy, and lessons learned (do's and don'ts). Topics to be covered will consist of such items as financing, developing clients, assembling a team to help, as well as managing risk and fear!

"The only thing we have to fear . . . is fear itself"

Franklin D. Roosevelt

Saturday, October 29, 2016
2:00 p.m. - 4:00 p.m.

Presented by:
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The Journey Begins – What led you to this point, and where are you going?

Realize that not everyone is cut out to be a small-business owner.

Take the time to explore whether you're compatible with running your own business. Some people are happier (and better off financially) on the other end of a paycheck. Owning and operating your own business is not for the faint of heart, and failing to plan can spell disaster!

Researching the Market:

Take your own personal knowledge of the marketplace and determine how you can have the most impact. Have honest discussions with your peers, particularly those who have already undertaken the challenge of starting their own businesses. Your market analysis should include:

- How large is your client base? Who will your clients be?
- What geographic area will you operate in?
- How much are your competitors charging for services?

Pay attention to all small-business-related regulatory issues. Federal, state, and local government agencies require an array of licenses, registrations, and permits. Obey them or face stiff penalties, including possible closure of your business.

Develop a Great Business Plan:

There are numerous resources available to help in developing a business plan. Your business plan will be an invaluable tool in developing your thoughts, and presenting your ideas for the business to potential business partners. Present the facts, but be reasonable in your assumptions. Make your projections believable. Introduce yourself and your concept for the business. Include financial forecasts and growth potential. Describe the broader details of the services you intend to provide. Spell out the benefits to your potential investor.

Business Plan Basics:

What is the Name of Your Firm?

Executive Summary: A page or two of the highlights of your plan. What are your goals?

Company Description: What do you propose to do? What distinguishes your company from others?

Services Offered: Describe the services you plan to provide. Focus on customer benefits.

Market Analysis: Know your market. Where are your customers, and how will you reach them?

Strategy and Implementation: Be specific. Include timelines and budgets; and how to measure results.

Internet Strategies: Develop your e-commerce strategy. Discuss website design and implementation.

Organization and Management: Discuss management structure and style.

Financial Analysis: Include profit and loss and cash flow projections. **Be realistic!**

Benefit From Your Business Plan:

Make the exercise of creating your business plan pay off for you. Answer the tough questions now. Don't overestimate your growth potential. Remember, in a successful year, a company may only experience a annual growth percentage of 5%.

Pick Your Niche . . . or Are You a Generalist?

Take stock of your skills, interests, and employment history to select the market segments best suited to you. Choosing a niche that you can be passionate about may help improve your chances of succeeding. Alternately, your preference may be to provide a general list of services. Remember, many small business owners succeed in businesses that are hardly unique or innovative. Ask yourself, what factors will define my competitive advantage?

Can You Make Money?

You need to establish:

- Day-to-day operating costs
- How long it will take to reach break-even
- How much start-up capital you need
- Project your likely sales volume
- Determine the profit level required for the business survive and thrive
- Know what the retail price of your service is, and keep historical records
- Develop an hourly rate schedule, and update it annually (or as needed)

Note: You will find that pricing trends will emerge – some higher, some lower.

Prepare written cost estimates. Avoid the temptation to provide “off-the-cuff” estimates to a potential customer. In the end, you know they will hold you to it. Don’t be afraid to propose a task purely on an hourly basis. Perhaps a budget “range” will satisfy a customer’s desire for a specific fee proposal.

Contracts – Get It In Writing: Develop a Standard Contract Document, and Use It!

- Carefully establish your Scope of Services. Be clear what is and what is NOT included
- Things Happen – clients don’t know what they want, or change their mind.
- Clients sometimes don’t like the results of the work.
- Clients are sometimes just dishonest – won’t pay their fees.
- No matter what you do, disputes will arise. How will you handle them?
- Remember, some clients you will want to retain – other clients you will want to fire!

Put profitability first and rewards second. Know the value of a buck, and spend your money wisely. In small business, profitability must come first. To understand profitability, you must first measure your cash flow and understand your key financial ratios. Understand what your labor multiplier needs to be. What are your contracted payment terms? How will you address overdue accounts?

Know the tax laws. Invest in understanding tax issues that affect your small business. You can avoid trouble and, at the same time, legally slice thousands of dollars off your tax bill if you know the ins and outs of small-business tax law. Your accountant will be a critical resource at tax time. If your accountant doesn’t have time to meet with you to discuss your tax strategies – hire a new accountant.

Legal Structure:

Consider the following factors when determining the legal form of your company:

- Legal/Accounting Advice - Engage an Attorney/Accountant with Corporate Experience
- DLLR Maryland Board for Professional Land Surveyors
- Eligibility for SWaM and/or DBE
- Corporate Structure
 - Sole Proprietor
 - Partnership or LLP
 - Incorporation
 - LLC
 - S-Corp (Small Business)
 - PC

Financing:

Get your personal finances in order. Before you move forward with the implementation of your business plan, get your own money matters squared away. Realize that a major reason for the failure of new business start-ups is lack of adequate funding.

- Financial Advice - Engage an Accountant (CPA) with strong knowledge of business start-ups.
- Adequate Capitalization
- Sources for Funding
 - Small Business Administration
 - Small, Regional Banks (Community-based Banks)
 - Personal Savings
 - Credit Card Debt
 - 401(k) Withdrawals/Loans
 - Leasing vs. Purchase for Capital Assets
 - Home Office vs. Off-Site
 - Home Equity

Key Financials:

Select a small business accounting software that is suitable for use in your company. If you have no experience running the software, you should contact a local expert who can provide training (tips and tricks). Your trainer should become your go-to resource to help with your company start-up. Hire a competent accountant! Make sure that the software you choose is compatible with your accountant's software, so the reports you produce blend seamlessly with theirs. Key financial reports will include:

- Aging Accounts Receivables: Client Invoices
- Payables: Vendors, Equipment, Suppliers, Rent
- Assets: Survey and Office Equipment, Vehicles, Real Estate
- Budgets
- Profit and Loss Statements
- Balance Sheet

Insurance:

Protect your personal and professional liabilities with sufficient insurance coverages. Have your insurance agent visit with you to discuss your plans for business. In all likelihood, there will be two insurance agents involved: one for professional liability (errors and omissions) and another carrier for business liabilities, such as:

- General Liability Insurance
- Key Man Insurance

- Umbrella Coverage
- Vehicle Insurance
- Workers Compensation

Marketing/Client Development:

Make yourself known. Starting a business is not for the bashful. Pay attention to your customers, and visit them in person. Emails and text messages are one way to communicate, but nothing beats a firm handshake. No matter how busy you are, especially in the early years of your business, be sure to spend at least 25 percent of your time working directly with your existing and potential customers. You can't make the right business decisions without understanding the customer's viewpoint.

Local Government Offices:

View your reviewing agencies (and their representatives) as customers. After all, you have to please them to please your customer. Get to know the agency staff members that you (and your firm) will be working with. Stop by their office when you have a key submittal.

Internet/ Web Site:

Your website is a direct reflection of you and your firm. Neglect it, and customers may neglect to respond to you. Seek professional help to develop your site, unless you are an expert. Add a portal where potential clients can contact you with work orders, or to simply ask a question. You will be surprised at how many inquiries you will receive. In today's market, not having a website does not send a positive message. "Old-School" attitudes don't win in today's market.

Advertising: Business Cards, Tri-Fold, Rack Cards, Etc.

When beginning, get your new business information into as many hands as possible. Always carry business cards with you, and have them available in your company vehicles. Establish a budget for advertising and new business development. In the beginning, send introductory information to your targeted customers.

Developing Your Team:

Know which hats you wear best. In the early months and years of your business, you'll have to acquire many skills. Gain the background you need to oversee all the facets of your business, but also determine what tasks you should outsource or hire employees to manage.

Hire superstars. If you intend to create a growing business, your number one duty is to assemble a team of talented employees in your key positions. Key positions, such as the lead technician, lead crew member, and lead project manager, will make or break your company.

Don't go it alone. Tap into resources, such as small-business peers, mentors, and trade associations, that can help take some of the energy-draining trial and error out of starting and running your business. Hire individuals who are willing to accept responsibilities.

Remember that nothing happens until a sale is made. Sales are what drive your business. You need to develop a marketing plan that details how you intend to sell your services to your target markets.

Let me sum-up your future with one word – SALES!

Develop a passion for learning. As your business changes and grows, you need to change and grow along with it — particularly as you manage transition. The one common denominator you find in all successful business owners is a passion for learning. However, you must accept the fact that you **will not** be the master of every task your firm performs. Learn to delegate, and expect excellence from your team. Otherwise you will not grow.

Solve your customers' problems. The best way to satisfy your customers is not by selling them products or services but by providing solutions to their problems. Always help your client; become their go-to source for how to get their job done!

Quality control is essential. Quality isn't a destination but rather a never-ending process. Develop a quality control protocol and adhere to it. Use standardized checklists and other guidelines to support your quality control efforts. Your firm's reputation will be made or broken based upon the quality of your product.

Keep in mind that quality takes only moments to lose and years to regain.

Last but not least:

Always strive to look and act like a professional . . .

the future of your new business depends on it!

Do Good Work Make Money Have Fun!

Do's:

Do be honest with yourself, your business plan can't be a wish list.

Do your homework.

Do develop a quality control protocol, and adhere to it!

Do remember, most mistakes occur either at the very beginning of a task, or at the very end.

Do keep up with technology.

Do make yourself and your company known.

Do participate in Professional Associations – Maryland Society of Surveyors, NSPS, etc.

Do participate in Civic Organizations – Chamber of Commerce, etc.

Do Network - Network - Network

Do understand that you cannot personally be knowledgeable of every operation – delegate.

Do charge a reasonable fee for your services. Remember the concept of “value pricing”.

Do personally meet with your customers when possible.

Do hand deliver your work product/invoice. Get to know the person responsible for processing your invoice.

Don'ts:

Don't be bashful, ask a lot of questions.

Don't neglect to plan your business activities carefully. Avoid snap decisions.

Don't be afraid of rejection – develop a thick skin.

Don't fail to satisfy your customer's expectations.

Don't allow a customer's demand subvert your quality control protocol.

Don't cut corners to save on a budget – it sends the wrong message.

Don't dwell in your office, waiting for the phone to ring.

Don't allow aged receivables to slip beyond a point where collection seems unlikely.

Don't cut your fee without a commensurate change in the scope of service.

Don't get discouraged, tomorrow is another day.

Q&A