

Business Start-Up fact Finder Manual

WORD PROCESSING

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Vital Information

Start-up Investment

Low - \$1500 (personal computer, good laser printer)

High - \$165,000 (several full-time employees, 3 months salaries, equipment and rent)

Break-even time - Two to six months

Estimate of Annual Revenue and Profit

Revenue \$25,000 - \$400,000 (solo at low end, with twenty full-time employees at high end)

Profit (Pre-tax) - \$15,000 - \$200,000

The American Dream -- a Dilemma?

Most American moms and dads still have the same dreams they had a few years ago; buy a home, provide for their children, and send the kids to college, but the price tag for fulfilling this dream climbs higher and higher every day. Long gone are the days when the husband went off to work in the mornings and the wife stayed home cleaning house, taking care of the kids, and baking cookies. Very few families can live on one income and that means that both parents have to go out and find work.

Unless... he/she can find a way to stay home and still earn a living. And that is just what many enterprising moms and dads are choosing to do. Cottage industries are springing up all over the country. Word processing can be one of the most lucrative of these cottage industries. For the price of a computer, printer, software, a person with a background in word processing can create his/her own in-home business.

One Step at a Time

Before you begin your word processing business, do your homework. Find out what is the software program of choice in today's business community. You will want your computer system to be compatible with your clients. Next, look at the make-up of your industrial area, an arts community, a thriving business area? By checking out the demographics of your area, you can make a decision regarding the type of advertising you want to use.

In the beginning, you will want to try all sorts of advertising: neighbourhood newspapers are an inexpensive way to advertise, but they usually only publish on a weekly basis and that may not be enough to keep the clients rolling in. You can put your name on the bulletin board at your local supermarket and pass out flyers door-to-door in large office buildings or other business complexes. Although it may be more expensive than neighbourhood newspapers, you may want to run an ad in your local daily newspaper (in the business services section). Church bulletins and university newspapers that sell advertising may also be a relatively inexpensive way to go. And get your business cards printed up right away. Don't let a client walk out the door without one or two business cards. Repeat business and word-of-mouth may well be your best advertising tool.

Whatever means you choose to employ in your advertising, do yourself a favour and track the responses. Put a check list next to your telephone and whenever a call comes in (whether you get the job or not) ask the prospective client where he found out about you. It won't take long for you to discover where your most cost-effective advertising comes from and when you know that, you can punch it up and drop the ones that aren't doing anything for you.

Be Prepared

One telephone call will be the only opportunity you have to sell your service. If you hesitate when asked a price for a particular project, you'll probably lose the job so do your homework. Call the competition, ask what they are charging. If the competition is out of your immediate geographic area (and you are therefore not a threat to their livelihood), you may want to be straight with them and tell them you are starting a word processing business and ask for their input. You may be surprised to find them willing to help out with important information.

A Potpourri of Projects

Keep in mind that there are a myriad of documents that need to be typed: business letters, envelopes, forms, tables, screen plays, resumes, etc. It will be possible to set a basic rate -- a flat rate for double or single spaced pages -- but don't lock yourself in over the phone! Clients may not be accurately describing the type of work they want you to do, so remember the words "straight text".

For example, a prospective client may call asking what you charge for 4 single spaced pages. You answer 45.00 per page, straight text. Then when the client comes, you discover that what he has is 4 pages of extremely complicated tables -- definitely NOT STRAIGHT TEXT. By not making firm pricing commitments over the phone, you will have the flexibility to up the ante when a client brings you something other than what you were expecting.

Don't forget that many people don't know the difference between a single or doubled spaced pages. To some clients, a resume may be a single spaced page, but it takes

a lot longer to type than a business letter and you will want to charge more for resumes. You will want to establish an hourly rate for tables, transcription and other more time-consuming jobs.

Your pricing will change as you become more familiar with what your clients demand.. You may find yourself doing a lot of list maintenance and merge letters or you may be doing work primarily for doctors, or attorneys. Have a good basis for your pricing but be flexible.

Control Your Growth

As the demand for your services grows, you will have to make a number of difficult decisions.. Do you want to move out of your home and into an office? Do you have the work to warrant hiring a part or full-time employees or use subcontractors? there's an upside and downside to each of these options. If you opt to open an outside office, you lose the convenience of working at home.

But staying in the home has it's own set of headaches. How convenient is your location for your clients? Is there plenty of parking? Where do you put your new employees as you grow? Do you have the capital to provide the additional equipment for the employees's use? And are you ready to be less available to the occasional client showing up on your doorstep after hours, on weekends, or even on a holiday? When you have an office at home, you may find yourself having a difficult time getting away from your work. You hear the telephone ring after hours, and if you're short of work, you may want to take the call even if it's midnight.

An office outside the home will allow you to separate your work from your home-life, but means you aren't available when the kids come home from school, you have to commute to the office, and you will not have the flexibility to work at odd hours to finish outside a project that is coming due. Also, setting up an office outside the home will increase your overhead dramatically. One option that a number of word processor have taken is office-sharing, bartering typing services for office space. This will take a number of hours from your week but it will provide you with office space without a heavy cash-outlay. If you can find someone in need of list clerical assistance and room to share, this might be an efficient economical way to go.

You may decide to stay at home and expand your business by using subcontractors. There are a lot of word processors who own their own computers who prefer to work strictly on a part-time basis, in their own homes.. they could be glad to take your excess work load on an as-needed basis.. As long as you can find an abundance of subcontractors, this may be the ideal way for you to increase your business. Using subcontractors eliminates the need to pay benefits and taxes, it keeps your overhead costs down, and essentially you will be garnering a profit from each page the subcontractor types.

As with you are with any employee, you will want to be extremely vigilant as to the quality of work your subcontractor does and how reliably he/she meets the deadlines you set. Nothing will ruin your business quicker than not meeting your deadlines. And this business tends to be one where your clients need their work back "yesterday".

Don't Rest on Your Laurels

When you are typing your fingers to the bone and can't see over the stack of work in your in-basket, you will not be thinking about where your next job is coming from. Don't forget that eventually that stack of work is going to get done, and you may find yourself, twiddling your thumbs instead of using them to hit the spacebar. You should always continue to market. Don't stop advertising. You may find you need to allow yourself more time to get the work done, but let the prospective client decide if your turnaround time isn't fast enough for him/her. Keep your name out there, that's how you'll get a firm foundation laid for your business.

It's Not Always Easy

The turnover ratio in the word processing business is extremely high. Too many word processors think that owning a computer and knowing how to type is all it takes. Not so! Probably the primary characteristic found amongst successful word processors is a strong work ethic, flexibility and perseverance.

You may find that in order to get a good job, you will have to work 14 straight days and put in 16 hour days. The next week, you may not have enough work to stay busy for 4 hours a day. It's a make it while you've got it business, very seasonal, and very unpredictable. After you've been in business for a while, you'll be able to predict the really busy times (i.e., the end of the semester if you're near a college); and the really slow times (i.e., the week between Christmas and New Years).

In addition to doing the work involved, supervising subcontractors and continuing to market, it will be necessary to spend a certain amount of time keeping up with new innovations in the computer and software fields. If the fellow next door has a beautiful new laser printer and the most up-to-date software and you're still using the prior year's system, you may find yourself being passed over for the high-profit jobs. The computer and software industries are constantly upgrading their products and you'll have to keep up or risk being left behind.

The Wave of the Future

As business people, writers, and others become more familiar with the services provided by independent word processors, the demand for these services is bound to grow. This type of service is ideal for the small business person's use. Instead of hiring a part-time secretary and having to pay the attendant benefits and taxes, a small business person can utilise the services of an independent word processor and thus keep down their overhead.

Larger organisations save big dollars also by farming their work out instead of using temporary employment agencies. Unless the project cannot be taken off the organisation's premises, When they have an overflow of work. By using an independent, the organisation gets the work done but doesn't have to pay for the additional equipment, benefits and the fees charged by temporary placement agencies.

Although students aren't the cash cows they used to be, there is still work to be had in that area, especially at the end of the semester. Many students now have their own computers (they used to get typewriters for graduation presents, now they get computers), so during the semester they will do their own typing. Your best bet among students are either the professionals, going to school part time, who don't have time to type their own papers, and that rare student who doesn't type.

Be creative. Perhaps you will want to offer comprehensive clerical support services to your clients in addition to word processing: do their mailings, keep their client lists up to date, or even do some light bookkeeping or accounting. If you feel comfortable writing, perhaps you can write resumes for your clients or do other free lance writing as the need arises. Don't limit yourself, be flexible and you'll find yourself branching out, perhaps in spite of yourself.

For additional information helpful in setting up your new business, information about licenses, permits, the legal structure of your business, taxes, insurance and much more refer to the