



Setting Up Your Business & Getting Started



As you work your business you will begin to understand its rhythm and cycles. You will know when you need to market and when you can simply take a slow moment to catch your breath and take a rest. Until you learn this here are some basic rules:

Setting Up Your Business & Getting Started

- You must constantly and consistently market yourself. One mistake a lot of business owners make is forgetting to market when business is steady or busy. This creates too many highs and lows. The best business practice is to consistently market yourself, even in the busy times. This will help ensure your business is constant. If you follow this approach, when times are slow you will know that business is just around the corner and can enjoy the quiet. Not doing this will cause you to constantly be in panic mode – trying to catch up on missed opportunities.

- It is easier to keep a steady stream of work than it is to ride the waves. Don't *just* work hard, work smart. Set a schedule and stick to it. If you are not actively working in a home or with a client, don't shuffle papers in the office – get out there and meet agents, etc. This will help your calendar to constantly be full. Working under feast or famine conditions is not fun.

- Determine how many hours a week you will work, how many days a year you will take off and plan for the off times. You will need to have money set aside to pay for vacation time & you will need to have marketing in place while you are gone to ensure you have work when you return. Not doing this will cause you to have to double your marketing efforts when you return. You may have days or weeks of unexpected 'time off' if you did not plan accordingly.

- Make the right choices not only for you, but for your client. Always keeping your client's best interests in mind will gain you a positive reputation and more business in the long run. Turn away jobs that you cannot do properly or that will not provide maximum benefit to your client rather than taking them just because you want the income from that job. What you will earn will be much more far reaching in your new career.

Setting Up Your Business & Getting Started

- Make sure what you quote to your client is what you can provide. Do not promise them anything you cannot deliver. Know your limitations.
- Make sure your prices are fair and reasonable. Is what you are offering truly a benefit to your potential client? What will their return on investment be? If it is not fair and reasonable you may get one or two clients but you will not establish a positive reputation for your business and you could damage the impression of the industry as a whole. Make sure you can live by this phrase: “I offer a valuable service, at a reasonable price. What I offer will pay for itself in increased offers and/or less time on market.” If your numbers don’t support this, reconsider what you are offering and alter accordingly.

If you live and work by the rules above you will find a successful business is right on your doorstep. Work hard, work smart and be true to yourself.

Getting Paid

Negotiating with Clients (Realtors/Homeowners) – Typically I do not find it advantageous to discount or negotiate rates with clients. The exception to this may be setting up an affiliate program with preset discounted rates for regular clients or discounting multiple contract

Setting Up Your Business & Getting Started

agreements. The most commonly discussed type of negotiation should be in the form of which services performed. For example, you may recommend that wallpaper be stripped from the dining room and kitchen, and then have those areas painted. Your client may agree to pay to strip the wallpaper, but choose to paint themselves.

For instances where a client requests a discount in your set rate, you must decide the profitability and future business of such a discount. You should also decide if this is a regular customer, can you afford to continue doing business at this rate. Once you have shown you can discount your rates, the client (and any referred) may expect regular or routine discounts.

Invoicing and getting paid – This is an important part of the business. You must decide how and when you will get paid as it will be a common question from clients. In my personal opinion the best ways to be paid are the following:

- Owner Occupied – You should be paid half up front to cover the cost of any supplies. The other half should be paid when the work is completed.

- Vacant Home Staging – This will depend on how you set up your contracts - month to month, or a specific time frame. You should be paid a minimum of half up front and the balance upon installation OR better yet, once established, request all money paid in advance. (The second option is how I run my business. I never have a problem with this.) If the contract is month to month, I recommend you set up payments on a schedule (say, the first of every month) and set up an automatic billing system with a credit card on file. This will save you from having to track down or wait for the payment, sending out invoices, etc.

Setting Up Your Business & Getting Started

It is my recommendation that unless you are very well established, have a solid business and enough capital to have some risks that you do NOT get paid out of escrow. Real Estate contracts regularly fall through AND as a stager you have no control over things like pricing, marketing, and client follow up. That said, they can be lucrative options. By offering a higher fee, paid out at as a percent at closing, you may increase both the number of contracts and the amount per contract. You should require a small amount paid up front to cover your initial moving expenses and an end contract date as well as what happens if the client ends the contract prior to end date (cancellation fees). Beware of this strategy unless you have significant inventory and cash flow – remember, these deals don't always close and the furniture can be wrapped up for months at a time!

Payment should always take place either before the job begins or before you leave for the day. If you are uncomfortable asking for the check, try these methods:

- Keep a file folder with you. After your client has sufficiently “oohed” and “ahhed”, pull it out of your purse or briefcase. They will usually get this hint and grab their checkbook.
- Come with a blank invoice and begin filling it out when there is a lull in conversation after the reveal. Again, they will go get their checkbook.
- If you accept credit cards, pull the invoice out and simply ask if they prefer to pay by check or credit card. They will happily give you the correct payment type.

You should always give your client a proper written invoice with amount due. Check your local area to see if you need to charge sales tax, then decide if you will cover the tax or charge your client for it.

Setting Up Your Business & Getting Started

What if you don't get paid? – This scenario is usually resolved with good contracts and payment up front. If you ever find yourself in this situation you should be familiar with:

- Collection Agencies – These agencies will usually charge between 20-35% of the total bill due (but may be as high as 50% so shop around). The advantage is they will do all the phone calls and mailings for you so you can stay focused on work.

- Small Claims Court – works well because no lawyers are needed and there is no fee to a collection agency. Because the process varies from state to state you will need to check in your area to determine how to proceed if you choose to file a claim.

- Determine job profitability – From a basic point of view, profitability is when you subtract all of your expenses from the income received. Whatever is left is profit. When determining the profitability of various jobs you will need to account for common items such as overhead, staffing/assistants, tools, supplies, furniture rental, movers, etc. You should also factor in time not spent at the jobsite, such as writing the actual consultation, shopping for supplies or props and creating marketing items for client use (ex: before & after photos or real estate shows).

We will discuss pricing in another module, but when setting up your business, you **MUST** determine profitability.

Maintaining Adequate Cash Flow – Most business experts recommend that your business have a minimum of three months cash on hand to cover unexpected expenses and slow months. To ensure you have adequate cash flow, make a list of all expenses, including overhead, assistants, advertising and prop purchasing expenditures. Multiply this number by three and try not to fall below this number.

Setting Up Your Business & Getting Started

Choosing the right business entity – *You will definitely want to consult your tax professional to determine what is best for your specific situation.*

- Sole proprietorship – easy to form, no necessary paperwork to file with state. (You will still need to file a local business license.) This will not protect your personal liability however.
- LLC – Can combine the best of both the freedom of the Sole Proprietor and Corporation. You will need to file Articles of Organization with your state. Taxes on incomes and losses are the responsibility of its members.
- S-Corp – Must file Articles of Incorporation with state. Can raise capital by sale of stock. Taxes on incomes and losses are the responsibility of its shareholders.
- C-Corp – Must file Articles of Incorporation with state. Can raise capital by sales of stock. Taxes on incomes and losses are the sole responsibility of its shareholders.

To learn more information on the differences between varying entities, visit

www.startbizhere.com. *As a reminder, check with your local tax professional for specific advice.*

Tips for naming your business smartly – You will want to choose a name that fits your style, services and that can stand the test of time. It is also recommended that you do a search for your name to see if anyone in your area has a similar name. Here are some examples of other Staging Companies:

- First Impressions – Melissa Marro & Bevin Googer

Setting Up Your Business & Getting Started

- Attention 2 Detail – Bernadette Flaim
- Just Perfect & More – Jessica Pirone
- Feature This – Michelle Molinari
- Lasting Impressions – Michele Kurelich
- Fresh Perspectives – Anthea Click

Be cautious of naming the business after yourself. While My name + associates or My Name Staging might give you a warm fuzzy, when it is time to refer clients or sell your company, guess who the clients want to work with? You may also want to be cautious of naming your business too locally. What if you want to expand later?

Licenses and Insurances – In order to comply with local and state regulations you will be required to carry a business license and insurance. *Check with your local town hall or municipality to determine what types of license you will be required to carry.* At a minimum you will be required to carry a local business license in each town/city you will be working in.

Check with your local insurance agent to determine correct business insurance for your specific situation/needs. If you carry inventory or props, you will need to carry insurance for this.

Regardless of inventory, you will need to carry liability insurance. I have found Bovard Insurance a good source for insurance for stagers. (www.bovardinsurancegroup.com) It is vital to carry insurance if you want to be respected as a professional. Additionally, many builders, agents or homeowners may require you to show them copies of your insurance, or even add them on as riders before they allow you to work on their properties. Determine if you only need insurance to cover you (liability) and your props or will you also want to cover any team members or contractors that you employ or subcontract on your jobs. What will happen if a subcontractor has let their coverage lapse unknowingly and an accident happens? Who will be liable?

Setting Up Your Business & Getting Started

Remember, this is also a question of professionalism. Would you want a worker in your home that didn't carry insurance?

Business Checking Account & Credit Card - Open a business checking account and treat it like a business. It is far more professional for clients to write a check to your company name than your personal account. You may also find it useful to open a credit card in your company name (even if only a check card). This could help you in times when you cannot write a check, unexpected expenditures occur and to help track expenses throughout the year. Remember business credibility is gained in the smallest activities. You will likely need your business license prior to opening your business checking account.

Websites and registering domain names – Having a presence on the internet is becoming more and more important. Clients will want to view your work and a website is the simplest way of doing this. Internet presence may also help you gain additional clientele through internet searches.

One of the easiest ways to do a search and register your domain name is at www.godaddy.com. www.Hostway.com is another good source. In addition to registering, hostway.com allows you to actually upload and manage your website here. We have contracted with the a web management company to help you in this area. Please visit our members' center for stock layout options and plans.

Sales tax issues – Some states require tax paid on both sales and services. *It is important that you check with your state to determine your specific laws.*

Setting Up Your Business & Getting Started

Setting up a home office & business software – Because a lot of paperwork and receipts will pass through your fingertips, it is important to be very organized. Just as you need to have a system to track clients, you must have a system to track income and expenses. Some popular systems are the following:

- Intuit – producers of Quickbooks & Quicken – These systems are great because they will provide templates for invoice, help with scheduling, processing credit cards, etc in addition to accounting. These systems can also be used to download directly to most tax preparation programs.

- Neat receipts – this is a system where you scan the receipts and invoices and the program will automatically download the information and load it into the database system. The advantage of this system is that it may be easier to find a visual copy (scanned image) of any given invoice, expense or receipt. You can sort by type, vendor, date, etc. The disadvantage is it is not a book keeping software program. It simply helps you to keep track of expenses.

There are many great systems out there, but these are two common/popular ones. It may take you time to learn the programs, but this will be time well spent.

Hiring an accountant – If you do not have time to learn these systems, or are not good with technology or organization, hiring an accountant may be your best choice. An accountant, according to www.entrepreneur.com should be considered an integral part of your marketing team and can help you to run your business smarter, not just take care of the books. They can often make recommendations on purchases, leases and other decision making that will save you money in the long run. Often your best choice for an accountant will come from

Setting Up Your Business & Getting Started

recommendations by people you know. Ask other business owners or successful individuals for their recommendation then do your research.

Business Ethics & Plagiarism – When creating marketing and educational materials, watch for copyright infringement or plagiarism. **Don't use other people's work without getting their permission first!** If you do use their work, with their permission, make sure you cite them as the author, list their website, etc. This is true for all sources, whether internet blogs, hardcopy marketing, newspaper articles and photographs.

Pay attention to your ethics! Remember that the one thing you truly own is your reputation and ethics standard. Follow your inner voice. Inside you always know right from wrong. I have included copies of the RESA (Real Estate Staging Association) code of ethics as examples to follow. If you still don't know the answer, call the home office or another Professional Home Stager. If you still are unsure, always opt for the safe side. Remember, it is significantly harder to clean up a bad reputation than it is to keep a good one!

Safety Guidelines

Because you may be working alone, meeting clients in their homes, and working in vacant homes it is important to establish some basic safety rules for both yourself and any assistants/employees.

Setting Up Your Business & Getting Started

When meeting a client, going on a consultation, or shopping

- Be cautious when first meeting a new client – particularly men you haven't met.
- Follow your instincts
- Park in lighted areas and know your surroundings
- Bring a friend, spouse or assistant if you are nervous
- Use the “emergency call” technique - If you are unsure, have a friend call you shortly after you arrive. Advise your client that you may be expecting a call, you have a personal situation going on. When your friend calls, if you are still uncomfortable, advise you have to leave – it's “an emergency”. If everything is good, advise them that you are relieved everything was “ok” and begin your work.

Ladders & Step Stools

- Buy step stools that have wide feet with no-slip grips & have handy pop up tables for your tools
- Wear no-slip shoes on ladders
- If using a ladder higher than 4 ft, make sure someone is holding it for you!
- Use a ladder, not a chair and NEVER stand on a rocking or swivel chair!
- Walking on countertops – granite and other solid surfaces are often not supported underneath for standing on... they may break! Use your ladder!

Lifting & Moving Furniture

Setting Up Your Business & Getting Started

- Use furniture sliders whenever possible. There are different ones for hardwood and carpet. I have found that some are better than others. Look for larger surfaces with curved up edges (they are easier to move over transitional thresholds!). A good brand is EZ Moves which can be found at Linens & Things, Bed Bath & Beyond, Sherman Williams and the JC Penny catalog.

- You've heard this before, but LIFT with your LEGS, NOT your BACK! This can cause serious back injuries... particularly with heavy pieces.

- Use an assistant or helper for large items such as televisions. If there are going to be moving items such as pianos, you may want to pay for one hour of a mover's time or bring along a friend and LOTS of sliders! If you think the item is too heavy to lift by yourself, it probably is. Bring a friend or spouse!

Electrical & Lighting

- Don't touch halogen bulbs with your fingers – the grease from your hands can make them explode!

- Keep lighting (especially halogen) & candles away from flammable objects

- Carry lamps by their base, not the harp

- If drilling or nailing into walls, pay attention to possible electrical lines nearby

- Don't overload outlets by using multiple extension cords

Setting Up Your Business & Getting Started

Other Precautions

- Berber carpet snags easily and will create runs or strings. Be cautious when moving furniture or vacuuming. Never use a beater bar on a vacuum on berber!
- Watch the arms and legs of furniture pieces. Some can easily be broken off in the moving process. Be cautious of how you move them!
- Pay attention to the stress you place on the furniture when you move it. Make sure you aren't taking it to the breaking point!
- When removing glass shelves or tables, take glass out prior to moving. If in a cabinet, start at the bottom and work your way up (if you drop one, you won't create a cascading effect).
- Always empty cabinets/cupboards before moving them!
- When using sliders on hardwood, check the floor where you will be sliding furniture to ensure there is nothing on the floor. If you use the slider and it picks up a tiny rock, it will SCRATCH the floor the entire distance you slide it! Wooden floors must be swept first!
- Never allow anyone you don't know into a home you are working on. If someone arrives to 'work on the home' verify with the homeowner or agent that they are who they say they are. This will not only keep you & your assistants/employees safe but also protect your employee's belongings in the event that they are not workers but rather there to 'case' the home.

Setting Up Your Business & Getting Started

Additional Employee Safety Information – When hiring an assistant be aware that you will also be required to pay for Worker’s Comp Insurance. It is important that you comply with this regulation or you may be faced with heavy fines.

In order to comply with this regulation you will also be required to provide an Employee Safety Handbook. Next you are instructions on how to write one. For more information on this please visit, www.essortment.com. You can also find companies online who will help you write one based on your company needs.

Going Home.... What now?

Ok, you are ready to leave now.... You are trained, excited and ready to embark and redesign/stage the world. Now what?

- Decide on a company name
- Get a marketing professional started on your logo, business cards, etc
- Apply for a business license in your town. (If you will be reselling product, apply for a resale license as well.)
- Set up your business accounts (loans, checking, savings, etc)
- Decide what you will specialize in & what overall services you will offer.
- Get a website developed
- Write your goals & business plan
- Add signage to your car, van, etc
- Develop marketing
- Send marketing material & new business cards to local agents.
- Mail a handwritten card with several business cards to friends, family – everyone you know! – telling them what you are doing now.

Setting Up Your Business & Getting Started

- Send a press release to local papers and TV shows telling them what you are doing.
Offer to contribute written articles or be a guest speaker!
- Call local real estate offices to speak at local meetings
- Write your first newsletter and send it to at least 100 homeowners or agents.
- Get your friends to hostess redesign party.
- Join a leads group or other networking community
- Write and mail at least 25 handwritten notes or postcards weekly.
- Contact at least 25 people about your services weekly (in addition to your newsletter and notes).
- Start your blog
- Find a local furniture rental company and set up an account with them.
- Attend 3 open houses weekly.