

December 14, 2009

IEEE CLAS PACE Presentation

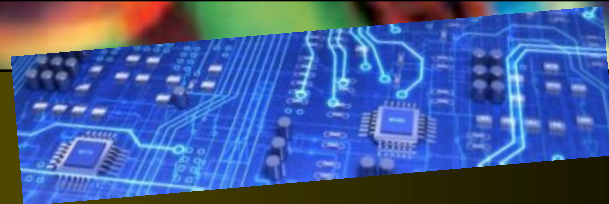
Life Stories of an Ordinary Guy:

How to Grow Your Basement Business into a Multi-Million Dollar Company...

David K. Dorner, President
Owner & Founder of DornerWorks, Ltd.



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Introduction

- DornerWorks is:

- ▶ An *Embedded Systems Engineering* Company

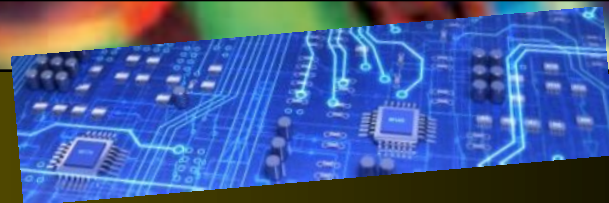
- Engineering custom electronic hardware and embedded software for safety critical markets

- Aerospace
- Medical
- Automotive

***“Where Software & Hardware
Design Meet”***



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Background

- Where we started:
 - ▶ Annual sales of over \$70K
 - ▶ Staff of exactly 1: just me!
 - ▶ 100 Square foot office: my basement
- Where we are today:
 - ▶ Annual sales of over \$7M
 - ▶ Staff of approximately 70
 - ▶ 11,000 Square foot engineering facility



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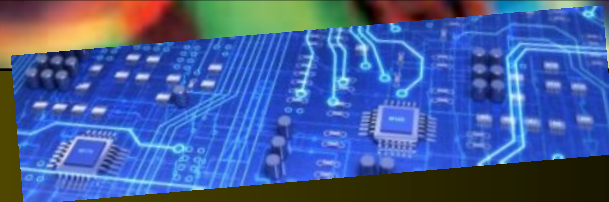


Step 0

- Two prerequisites for growing your business:
 - ▶ You must have... **Passion!**
 - Must be willing to have that passion manifest itself in different ways as your business grows
 - ▶ You must constantly... **Network!**
 - IEEE groups can help:
 - ▶ IEEE Coastal Los Angeles Section
 - ▶ IEEE West Michigan Consultants Network

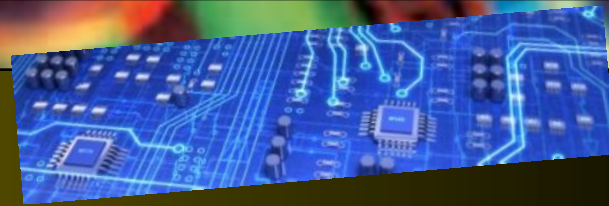


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Step 1

- Must have a name for your company!
 - ▶ Can't refer to just yourself...
 - Pick something that works for you (and has an available website address!)
- *Example: “Life Stories of an Ordinary Guy”*
 - ▶ Nobody wants to hire an “ordinary guy”, but what about an “extraordinary guy”?!
 - Extra-Ordinary Guy, Inc.
 - ▶ EXOGI

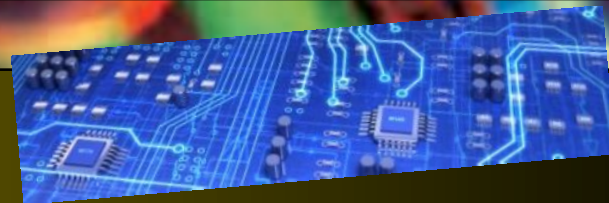


Step 2

- Select an Accountant and an Attorney
 - ▶ Make sure:
 - You feel comfortable with them
 - And that they can work together
 - ▶ They will provide:
 - Tax Advice
 - Incorporation Advice
 - Much legal & financial advice down the road...



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Step 3

■ Incorporate

▶ Corporate Entity Choices

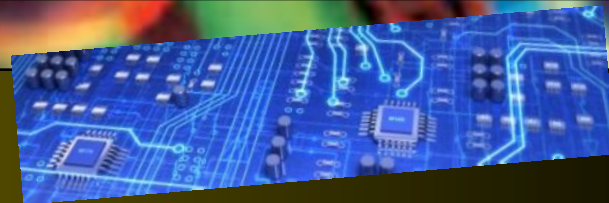
- “C” Corporation
- Subchapter “S”
- LLC (Limited Liability Corporation)

▶ Will result in an “EIN”

- Employer Identification Number
- Issued by the government
 - ▶ Used to track corporate taxes much like a SSN is used to track personal taxes

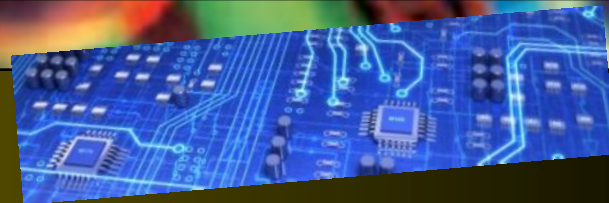


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Step 4

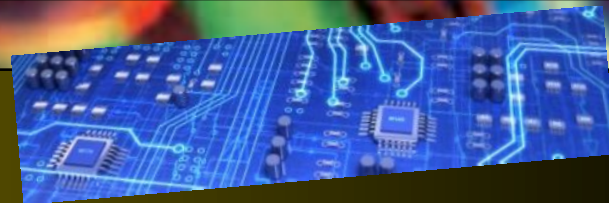
- Select a Business Insurance Agent
 - ▶ Will help you attain:
 - Business Liability
 - ▶ Covers you if you damage your customer's property
 - ▶ Covers you if someone hurts themselves on your property
 - Workers Compensation
 - ▶ Not necessary for a company of 1 when you start
 - ▶ But will be necessary later as you add employees
 - Professional Liability (Errors and Omissions)
 - ▶ Usually expensive but not necessarily required



Step 5

■ Establish Credibility & Reputation

- ▶ Much easier if you, as the business owner, have a good reputation and a grounded credibility
 - You can leverage that reputation to have customers trust your new business because they trust you
 - But you must strive to build the reputation and credibility of your business identity as well – this takes time

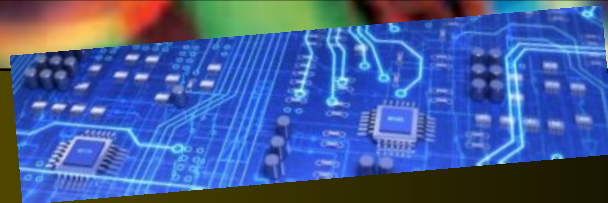


Step 6

- Must get out of that basement!
 - ▶ Won't be taken seriously without an official place of business...
- In the title: *“How to Grow Your Basement Business into a Multi-Million Dollar Company”*
 - ▶ Must have a professional place to meet & work
 - ▶ Lends credibility – makes it “official”



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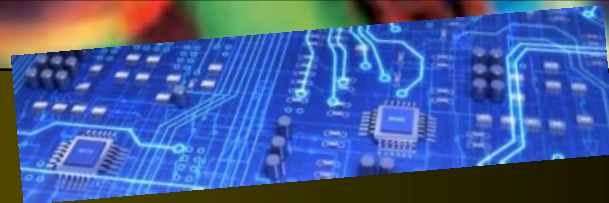


Step 7

- Write a Business Plan
 - ▶ Even if on a napkin over beers at the local pub!
 - i.e. for DornerWorks: Grand Rapids Brewing Company
 - ▶ Define your niche (passion) with a market strategy
 - i.e. for DornerWorks:
 - ▶ *“Where Software & Hardware Design Meet”*
 - ▶ Specializing in Safety Critical Systems
 - Aerospace, Medical, & Automotive
 - ▶ Your plan will obviously change & evolve...



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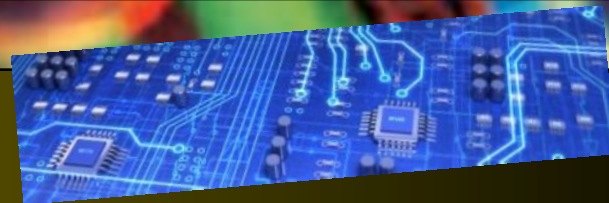
Step 8

■ Initial Sales & Marketing

- ▶ Launch your website
- ▶ Print business cards
- ▶ Print brochures
- ▶ Land that first contract
 - You most likely will already have work if you have a successful basement business – you just need to orchestrate the job through your official company

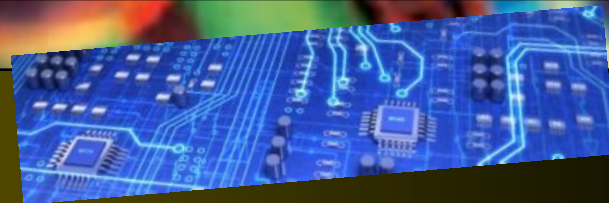


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Step 9

- Prepare for handling W2 employees
 - ▶ Can use subcontractors to start, so all of this can be done gradually...
 - Employee handbook & contract
 - Health benefits (select a health insurance agent)
 - 401k benefits (select a management company)
 - Tax withholdings
 - ▶ Use QuickBooks
 - ▶ Use a payroll company
 - ▶ Use your accountant

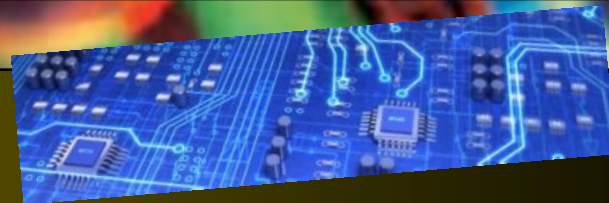


Step 10 – Constant Theme

- TAKE ON MORE WORK THAN YOU CAN POSSIBLY HANDLE
 - ▶ You must overbook yourself – this is key
 - ▶ Then hire to offload the work
 - W2's or subcontractors
- Much safer than hiring first and then getting the work!

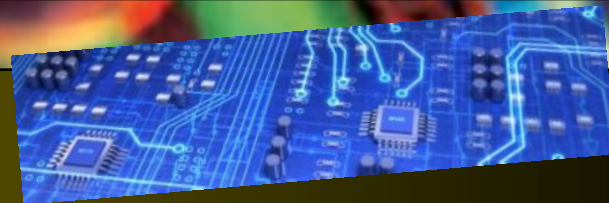


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Step 11

- You may need to bring on key individuals as partners to help grow your business
 - ▶ Must entice them to leave their safe “day job”
 - May require giving up partial company ownership
 - ▶ Why? Because in the early stages of growing your company, you might not be able to pay them!
 - ▶ Have your attorney draw up “the papers” with a buy-out clause if someone wants out.

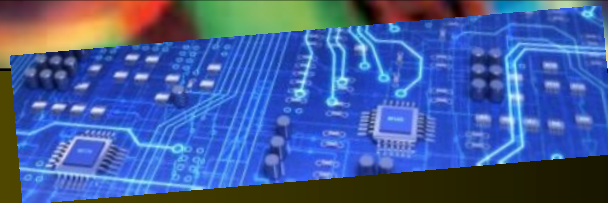


Step 12

- As the business grows, you must delegate tasks and responsibilities you used to own yourself
 - ▶ This is a very difficult step to take: “nobody does this better than myself” attitude must be overcome
 - ▶ Also takes trust - because others begin to handle:
 - The money!
 - The customer accounts!
 - The sales!
 - ▶ Tends to lead to an *Identity Crisis*
 - Has required me to redefine my role as the company grows



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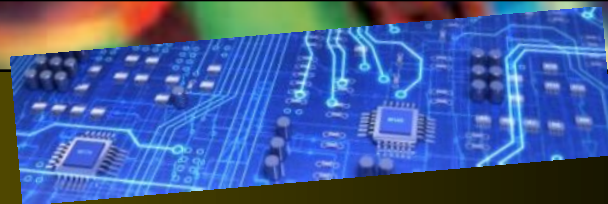


Final Thoughts

- Field of Dreams: “If you build it, they will come...”
 - ▶ don't give up
 - Latest economy doesn't help, but now is the time to plant those seeds
 - ▶ each growth stage takes some new organization
 - Growth points: over 6, over 20, over 50, ...
 - ▶ Continue to seek advice from friends, experts, and other business owners as you go



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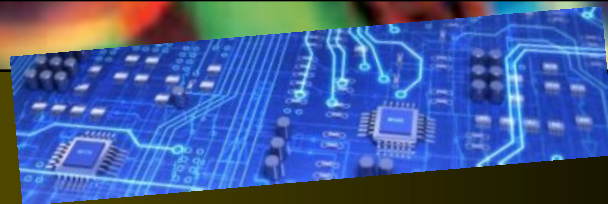
The End

**Alternate Title:
“Another 12 Step Program...”**

Questions???



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Thank You

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