

*Paul Hoyt's "Office Hours" Series*



# THE **Awakened** CEO System

## Office Hours

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# Welcome to Office Hours

- A relaxed, informal mentoring program
- Held every Monday at Noon Pacific Time
- All recordings, slides, and exercises are archived in our member's area
- All recordings are available on my YouTube channel:

[www.YouTube.com/user/PaulHoyt](http://www.YouTube.com/user/PaulHoyt)

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# The Reasons

- Being a successful small business owner can be a great experience!
- It's tough - you need Education, Training, Tools, and Team to be successful
- We want you to get to know us

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# The Reasons

- First and most importantly, we want you to know that we care about you.
- We want you to succeed in every area of your life, whatever that means to you.
- We want you to find the **greatness**, the **happiness**, the **divinity** within yourself, and then remember it, embrace it, and live it every day.

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# Our Passion

To increase the survival rate...

Accelerate the growth rate...

And reduce the struggle rate  
of businesses in America

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# Our Vision...

To help millions of CEOs and  
Entrepreneurs accelerate their business  
growth and enjoy greater harmony and  
balance in their lives

*Please Pass the Word!*

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# Office Hours Agenda

- In depth discussion of a business success principle
- Closing remarks, special offers, and invitation for next weeks session
- Open Q&A and coaching
- Best question or comment wins!

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# Join Us!

- The Awakened CEO Communities on both LinkedIn and Facebook
- Business Success Principle of the Day postings on both Facebook and LinkedIn
- Energy of the Day posting on Facebook

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# Today's Topic:

Working With Contractors:

Getting the Help You Need!

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# The Key Performance Areas



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# The Key Performance Areas



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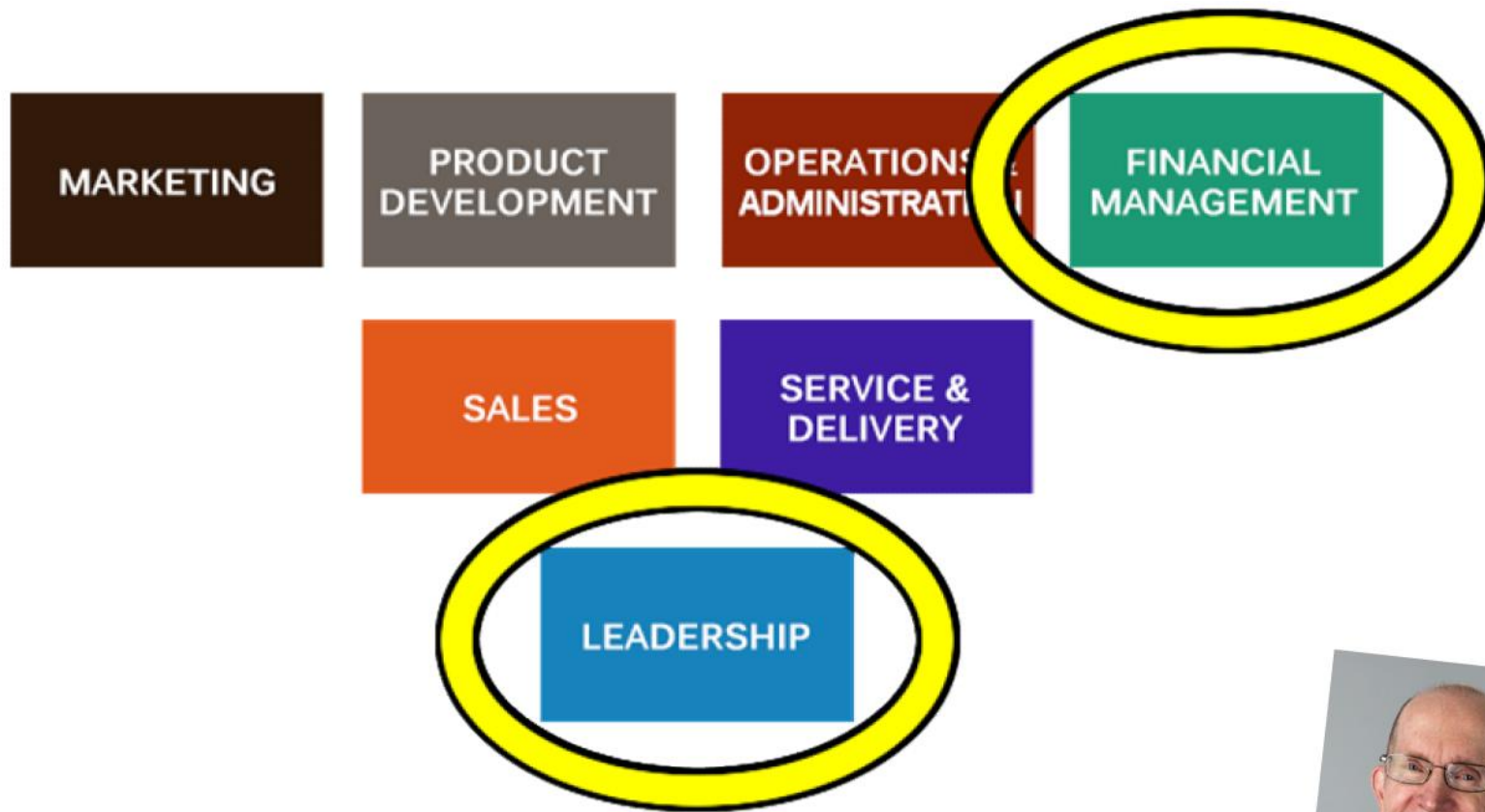
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# The Key Performance Areas



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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
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# The Awakened CEO System

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# Agenda

- Teamwork
- Contractors vs. Employees
- Common Mistakes
- The Perfect Storm
- Best Practices
- The Bottom Line

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# Teamwork

- It takes a village to raise a child
- It takes a team to start and grow a business
- There is no such thing as a “solopreneur”
- There is no choice – you have to work with contractors

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# Contractors vs. Employees

- A big decision
- Eventually, you will need both
- You can grow reasonably large without having any employees
- But soon, you will need at least part time employees

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# Employees

- Requires a payroll system, paying several kinds of taxes
- Requires additional complexity in internal systems
- The total “fully burdened” cost can be 25% to 50% higher than the wage or salary
- May have “surprise” rights

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# Contractors

- Can have simple agreements
- Much less complexity
- Costs are defined
- Easier to hold accountable
- Easier to replace
- Almost always more expensive

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# IRS Contractor Requirements

- Control over what is done and how it is done
- Use own tools and equipment
- Decide who to employ for assistance
- Purchase their own supplies
- Provide their own training

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# IRS Contractor Requirements

- Significant personal investment
- Unreimbursed expenses
- Opportunity for profit or loss
- Available to the market
- Often project based
- \*\* Have their own company

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# Common Mistakes

- Picking the wrong “expert”
- Paying too much
- Partial solutions
- Bad agreements
- Large, long term agreements
- No due diligence
- Being out of sequence

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# The Perfect Storm for Startups

- Lots of encouragement to start a business...  
... and make it BIG!
- Most businesses are very complex
- Most new owners are ill-prepared and undertrained – they take the job without knowing what the job is
- Many talented consultants move up-market

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## ... and Worst of All

- Some contractors are eager to take a lot of your money without:
  - Knowing your growth strategy
  - Knowing your resources
  - Knowing your overall budget
  - Having any skin in the game
- And they are VERY GOOD at sales

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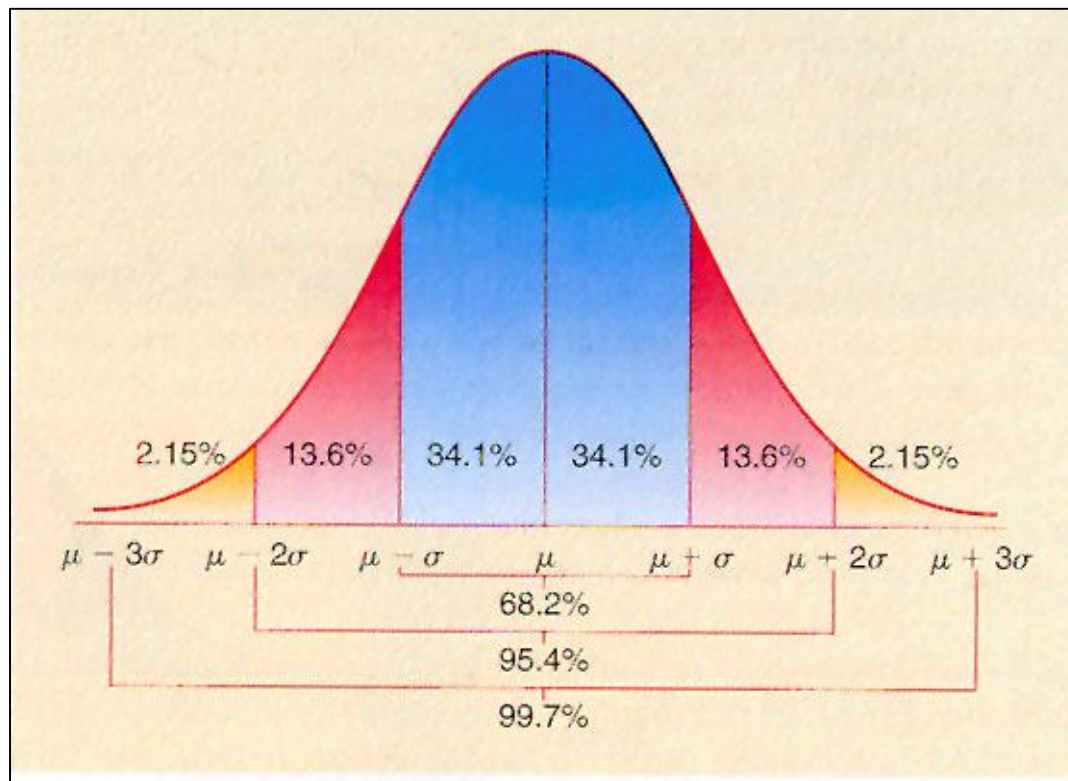
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# There are Only a Few Predators...



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# It's Your Responsibility ...

- To determine your overall budget
- To define the sequence for building your business
- To make good decisions on:
  - Who you hire
  - When you hire them
  - How much you pay them
  - How you manage the engagement

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# You Need to Buy a Lot of Services

- Administrative Assistance
- Marketing
- Coaching and Mentoring
- Sales Support
- Training

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# Be Strategic!

- You can't do everything at once
- You can't afford everybody at once
- Have a growth plan and a budget
- I strongly recommend the 80/20 rule until you achieve financial stability
  - with some limited exceptions

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# Best Practices in Hiring – Your Step by Step Success Formula

	Military	Corporate America
1. Job Description	✓	✓
2. Interviews	✓	✓
3. Tests and Checks	✓	✓
4. Probationary Hiring	✓	✓
5. Onboarding & Training	✓	✓
6. Ongoing Management	✓	✓

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# Step by Step

- Define the work to be done
- Interview several candidates
- Check references and background
- Take a probationary mindset
- Have frequent progress meetings

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# Define the Work to be Done

- Have detailed requirements
- Have a firm budget
- Have a definite timeframe

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# Examples

- I need a financial model completed by next Tuesday, and my upper limit is \$3,000
- I want a coaching relationship for the next year, and my budget is \$1,000 per month
- I need an initial branding strategy and implementation by the end of the month, and my budget is \$5,000

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# Interview Several Candidates

- The “Three Expert Rule”
- Think about “The 3 C’s”:  
chemistry, character, and competence
- Have them interviewed by someone on your team who has successfully hired such firms before (and who cares about your success)

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## Check References and Background

- The greater the risk, the more carefully you should check
- They should be able to provide three references and samples of work products very quickly
- Don't forget about criminal background checks and civil litigation checks
- Go over the agreement with them and with your attorney **WORD BY WORD**



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# Take a Probationary Mindset

- Ask for installment payments to conserve cash flow and to have an “out”
- For medium contracts, 50% down and 50% on delivery is common
- For large contracts, have milestone-based compensation with holdbacks

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## Have Frequent Progress Meetings

- Assign someone at each company to be responsible for the relationship
- Weekly meetings and progress reports (with demonstrations) are the norm

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# Other Best Practices

- Avoid equity compensation (at least at first)
- Avoid hourly contracts on large projects
- Reward contractors when *your* goals are achieved
- Ask for referrals from your network
- Crowdsourcing and matching services

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# The Bottom Line

- Your need to be proficient at hiring, managing, and terminating contractors
- Agreements are very important, and grow in importance with the size of the engagement
- “Hire slow, fire fast”
- Work with people you trust – who are committed to your success

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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
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Methods			
Momentum			

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# Mindset

- Embrace working with contractors! They are essential to your growth and success!
- Believe that you can learn to be very good at managing them
- Get over any resistance you may have

	Business Growth	Professional Growth	Personal Growth
Mindset	★	★	★
Methods	★	★	
Momentum			

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# Methods

- Use a systematic approach to defining the work to be done, vetting your possible suppliers, and managing your contracts
- Get people on your team with great experience to minimize your mistakes
- Focus on learning from every contractor

	Business Growth	Professional Growth	Personal Growth
Mindset	★	★	★
Methods	★	★	
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# Agenda

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# Homework / Exercise

- Get an experienced advisor on your team
- Develop your growth strategy and budget
- Design your own hiring / engagement process and use it
- Be careful!

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# Related Office Hours

- 27 – Working with Attorneys
- 48 – Excellence in Project Management
- 68 – Great Agreements
- 95 – Best Practices in Staffing
- 103 – How to Be a Great Leader
- 135 – Taking Complete Responsibility

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# Open Q & A and Coaching – in a minute

- Comments and questions on the topic of the day, then any other issues
- Tell me what your biggest “take-aways” are and what insights you gained from this presentation
- Tell me what you are going to focus on

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# Our Support Services

Service	Teach You	Do It With You	Do it For You
Education	X		
Training	X		
Coaching	X		
Advising / Mentoring	X	X	
Consulting		X	X
Growth Management		X	X

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# Our Support Systems

- Business Growth
- Personal Growth
- **The Awakened CEO System  
for Integrated Growth**

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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
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# Join Me for An Awakened Conversation

- Starting monthly webinars / discussion sessions
- Group coaching and mastermind groups are coming too!
- Watch your emails for announcements!

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# Next Office Hours: Oct. 17<sup>th</sup>

- Topic is: TBD
- Let me know what topics you would like for me to address: [www.PaulsSurvey.com](http://www.PaulsSurvey.com)
- Do your homework!

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# Open Q & A and Coaching

- Comments & questions on the topic of the day, then any other issues
- **Best question or comment wins!**
- Contact Me at [paul@paulhoyt.com](mailto:paul@paulhoyt.com)  
call or text: 415.997.8001
- [www.SchedulePaul.com](http://www.SchedulePaul.com)

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