

# Seven Secret ScaleUP Success Strategies



*"Many business owners spend their capital, time and effort on marketing and sales - the fun stuff...the ice cream - but they forget that a sound foundation is the key to their success – just like “boring” broccoli can help sustain you, so too can proper professional guidance help sustain your business, thereby transitioning the otherwise boring broccoli into fun ICE CREAM."*

**Lauren Cohen, Esq. Founder**

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## **Seven Secret ScaleUP Success Strategies**

*Today, instant gratification is not only the norm, it is the expectation...on all fronts. From personal to business, unless we can attain our goals instantaneously, no matter how lofty the goals may be, we tend to move on to the next goal that is more readily attainable.*

Most Entrepreneurs (which for our purposes shall include small business owners) are guilty of seeking instant gratification even more so than the general population. Passionate, busy, multi-taskers, these driven, goal-oriented creators have a burning desire to get things done – no matter what! Whether for good or bad, their focus, especially at the earlier stages of running their businesses, is on sales and marketing because they drive the golden prize - revenues! However, focusing exclusively on sales and marketing can result in compromises on other critical aspects of operating and scaling a business – such as legal, insurance, accounting and related critical matters which, if left unaddressed, can lead to challenges that could eventually spell the demise of the underlying business and, even worse, of the Entrepreneur!

*Sadly, most human enterprises – businesses - fail. Per Forbes Magazine 8 out of 10 businesses fail. Per Harvard Business School study 75% of venture-backed startups fail. Most businesses (>50%) cycle out within five (5) years, and few manage to sustain more than ten (10) years. Two key reasons for this are (1) lack of foundational structure and (ii) lack of and/or failure to implement a strategic plan.*

However, in many cases, this eventual demise may be avoidable, given just a bit of attention to the super important foundational aspects that are essential to building your business. True, capital is king and without sufficient capital your business will likely fail despite any foundational, sales or marketing efforts, but it is still of critical importance to pay attention to establishing and maintaining a sound foundation – just like broccoli can help to sustain you nutritionally, so too can proper professional guidance, which then transitions the boring broccoli into its more sexy cousin, ICE CREAM, which is tantamount to the sales and marketing that drive revenues.

Sales and marketing mean *nothing* if you don't have a base from which to deliver to the clients. You leave your business - and yourselves - exposed not only to lawsuits, but to a wide range of other challenges such as damage to your reputation, loss of goodwill, and customers falling off...this is what it looks like when companies don't set up the proper entity, put the proper Agreements in place, obtain the necessary insurance, work with the right CPA, find the right banker, consult with a financial advisor...and the list goes on.

## 1. **Work with a TEAM of QUALIFIED and VETTED Professionals**

A TEAM of QUALIFIED and VETTED professionals can make the difference between success and/or failure, and certainly can pave the path to either result. This is true in almost all situations, but is especially true for Entrepreneurs whereby bad advice could lead to extreme short- and long-term pain and even disaster.

State or other licenses are obtained based on meeting certain criteria and then maintaining a level of compliance once obtained. Licensure in no way demonstrates any level of client satisfaction or peer review which are often as important in terms of getting what is needed. It is truly a shame that such requirements as continuing education have no real human element but rather are based mainly on theoretical concepts and their application. It would make so much more sense from the client's perspective to have a component of annual licensure renewal focused on peer and client reviews, but such is not the case.

The other equally important challenge is that each selected professional generally works in a vacuum. There is little or no collaboration between and amongst professionals, such that communication regarding the handling of a divorce will seldom go hand-in-hand with business matters, whereas logically it should since the divorce outcome could have a huge impact on the parties' respective businesses and vice versa.

On the other hand, working with and a through the fully vetted and \*certified team of Warriors to "Get it Done - **Right**", **ScaleUPCheckUP** delivers a holistic, high-touch concierge signature system customized to meet your needs. This is in part because **ScaleUPCheckUP** has designed a mandatory certification program for Affiliates which enhances members' peace of mind in knowing their growing businesses are being represented by high-level service-oriented professionals. Additionally, the **ScaleUPCheckUP** signature program commands a collaborative approach of its Warriors such that they are required to report on work completed, and member feedback on all aspects of said work product helps to ensure that the high-touch holistic scope of services are received as delivered.

### ***Choosing the Right Professionals is Akin to Dating***

Do you remember the days of the yellow pages, which admittedly ages me as I don't remember the last time that this tool was actually used... but back in the day, when someone needed a lawyer, for example, (s)he would often pick up the yellow pages and leaf through until the "lawyers" section and then look for the relevant practice area.

Lawyers would pay to advertise and many would pay extra to move as close to the front of the relevant section as possible, depending on their marketing budget and how many others were vying for the same space. Sometimes referrals would be sought, but more often than not people would start making calls to determine who might be best at handling the case. The inquiring party wouldn't necessarily know what questions to ask nor how to determine whether the person would indeed be a good choice, but this was just how things were done.

Today things have changed in terms of sheer exponential volume as the Yellow Pages has been replaced by the mammoth resource called the Internet. Advertisers pay for AdWords and similar avenues to appear at the top of the "rankings", and inquiries are made. Most of the time these inquiries are "blind" and are made without the benefit of a referral or "six degrees of separation". But, wouldn't it be nice to have a FRAME OF REFERENCE and know that the choice you are making to assist you with your legal or other professional needs has "been there, done that" successfully, with a proven track record and a minimal level of credibility beyond a simple license that really says little other than that you have complied with the state's licensure requirements.

There is no denying that choosing the **RIGHT** Professionals is akin to dating, so why should you try to find your best match on your own if you can work with a professional matchmaker who will do the dirty work for you? By dirty work, I mean "checking credentials" as well as "peer and client reviews". This is what the ScaleUP Network has been designed to do on behalf of our members – check, recheck, double-check and cross-check, making sure that every professional that we have on our team has the "right stuff" to work with the members that we serve.

## **2. Do NOT Use or Rely on Random Internet Resources!**

Another challenge with the volume of resources on the Internet is that they can and often do mislead users into a false sense of security. For example, as so many moms do, I spent far too much time searching the Internet to find the right treatment for a terrible heat rash my son had contracted. I spent tons of money on creams and ointments, and even on a few dr's appointments and prescriptions, and all for naught. I ended up tripping upon the ultimate treatment which cost me almost nothing but finally gave my poor child (and his mom) some relief. This is a very mild example of what happens – when people search their health-related symptoms online, too often they will find results that are devastating if believed, and they go into a panic tailspin that would not have happened prior to the availability of this level of information overload.

This is equally true for such matters as legal coverage. Without naming names, I am sure you would agree that some of the Internet-driven legal concepts are not really providing any “coverage” at all, but too often instead are giving users a false sense of security that they have done the right thing and are indeed protected – which is generally inaccurate!

How many times have you sought the wrong professional or other guidance and paid the price after the fact? Maybe in an effort to save money, or maybe just because it was readily available, or because you thought you knew what you needed to do and did it yourself. But, as noted above, like most of us you are likely guilty of not knowing what you don’t know, so you did your best and figured you would roll the dice.

One of the biggest challenges of using Internet resources is that no one is serving as quarterback or watching your back. You kind of shoot in the dark and decide what needs to be done, and choose a bunch of random services that seem to make sense for your business’s needs. It’s like going to a bunch of doctors to get medical attention but they are not collaborating to serve your overall needs, so things slip through the cracks.

Professionals are trained in their particular areas of specialty. There is no substitute for professional guidance. Getting free legal, tax, or other documents on the internet will in many cases put you in a worse situation than if you had never obtained the document in the first place. And, with most Internet resources, the upselling constant...so you think you are getting a discounted price, but in the end the harassment and upselling multiply the price. In some reviews found on the internet of sites offering such services, statements such as “misleading” and “horrible customer service” and “lack of care or concern” were readily found. This is far from ideal for any busy Entrepreneur and just one more headache that you would no doubt prefer to avoid.

Some common problems with “poor quality documents” include:

- Length – in the past people tended to think documents were only correct if they were long, whereas today, long documents have fallen out of favor
- Not accurately reflective of parties’ relationship or understanding
- Poorly structured – often connected to 1
- Too much legalese
- Fail to comply with current law – Outdated!
- Template – not the right template, a poor template, inaccurate terms, not updated for current transaction
- Misnamed Parties or other Information – which leads to challenges

While bearing these potential flaws in mind, it is also important to remember that written agreements are critical to a business’s success. Whether it is a document outlining the

terms of the company – client relationship or a vendor, independent contractor or employee agreement, to name but a few, written agreements (when properly prepared and executed) create clarity and ease for your business and help avoid future legal and other challenges.

You should also include a privacy policy and ensure that your website is compliant with applicable laws, such as the new European Union GDPR (General Data Protection Regulation) requirements (<https://www.eugdpr.org/>) which cannot be avoided. A privacy policy explains whether it shares customer information, and if so what information is shared in what cases, and the privacy policy must be publicly available and disseminated.

### **3. Secure Adequate Capital to Establish and Grow Your Business**

#### *THE CHALLENGE*

Most new businesses take at least one (1) year to realize any true revenues...so how do you survive this year, and ensure that your business is adequately capitalized?

#### *THE SOLUTION(S)*

There is actually more than one viable solution for this problem, but for most startup or scaling businesses the best option would be either (i) investor(s) and/or (b) strategic partner(s).

To realize either or both solutions, one of the most critical elements is a professional business plan. To coin a phrase first made famous by U.S. Founding Father Benjamin Franklin, “Failure to Plan is Planning to Fail”. This is so very true and remains relevant and current today.

As outlined, far too many Entrepreneurs fail to focus on planning and structure. They leave themselves exposed to challenges. Without a strategic plan or business plan in place, preferably one crafted by an experienced professional, you don’t have the benefit of a roadmap to set the stage for success.

#### *So, how can a business plan help?*

Oh, Let me count the ways! A written business plan helps Entrepreneurs to consider their businesses from a realistic perspective, where objectivity rules and emotion is all but removed from the analysis.

Business plans lead to questioning of past and future financial and related assumptions. It is a wonderful tool used most commonly as a roadmap to communicate planning objectives and strategies to bankers, partners, employees, financial backers and others.

One important factor to remember is that, just like with anything developed or designed around your business, the business plan should be regularly updated and revised to reflect changes and updates, for example, if new products and/or services are offered and/or removed, and such updates should be done at least annually.

*In Order to Secure Capital: Create a Business Plan with 7 Key Elements:*

The seven components that should be included in your business plan include:

- i. Executive Summary.
- ii. Business Description.
- iii. Management Team.
- iv. Market Analysis (of the existing competitors).
- v. Sales & Promotional Strategy.
- vi. Funding (Capital) Requirements.
- vii. Financial Projections.

The **ScaleUP** team would be happy to discuss these components in further detail: [info@scaleUPcheckup.com](mailto:info@scaleUPcheckup.com).

## **5. Choose the RIGHT Business Structure from the Outset!**

STRUCTURE, STRUCTURE, STRUCTURE – It's easy to just shoot in the dark and decide which business structure is appropriate for you. However, choosing the right type of entity requires an understanding of the benefits and drawbacks of each alternative. For example, if you decided to operate as a sole proprietor, you must be aware that for all intents and purposes you and your business are considered as "one" from a legal perspective, which basically affords you no protection and leaves all of your personal assets (and your family) at risk if your business should go bankrupt or be sued.

Importantly, each type of business entity has distinct levels of liability, are available depending on the business's ownership, and are taxed differently. The main options are (i) Sole Proprietorship, which, as noted above, is not a distinct or separate entity from the business owner; (ii) Limited Liability Company, which is a corporate entity for which registration is filed with the applicable state and which protects owners from personal liability without the double taxation common to Corporations; (iii) C-Corporations, which is the most widely-used entity choice wherein entities are taxed at both the corporate (income) and shareholder (dividends) level; and (iv) S-Corporations, which require a

special IRS “election” provided certain criteria are met (see table) and wherein all income and dividends flow directly to the owner(s) (no double taxation)

### **Main Types of Corporate Entities**

<b>Types &amp; Characteristics</b>	<b>S-Corporation</b>	<b>C-Corporation</b>	<b>LLC – Limited Liability Company</b>
<b>Ownership Rules</b>	Up to 100 shareholders with single class of stock	Unlimited number of shareholders & classes of stock (best option if eventual goal is to go public)	Unlimited number of members with single class of stock
<b>Ownership Requirements</b>	Limited to Permanent Residents & Citizens ONLY	No restrictions	No restrictions
<b>Personal Liability of Owners</b>	N/A	N/A	N/A
<b>Tax Treatment</b>	File IRS Form 2553 to obtain status as an S-Corp; profits/losses passed through to shareholders (no double taxation)	Income taxed @ corporate level; shareholders taxed on dividends (double taxation)	No direct taxes for LLC; profits/losses passed through to the members (similar to S-Corp)
<b>Key Formation Documents</b>	Articles of Incorporation; Bylaws; Board Resolutions; Stock Certificates & Ledger; S-Corp election; EIN documents	Articles of Incorporation; Bylaws; Board Resolutions; Stock Certificates & Ledger; EIN documents	Articles of Organization; Resolutions; Membership Certificates; EIN documents
<b>Capital Contributions</b>	Investments by Shareholders (single stock class)	Investments by Shareholders (common or preferred)	Financial or “in kind” contributions by members in exchange for participation in LLC profits/losses

There are other business entity choices that are not covered here, such as partnerships and sole proprietorships. We would be happy to discuss the details of these or any other option that you might have chosen for your business.

Please contact [info@scaleUPcheckup.com](mailto:info@scaleUPcheckup.com) to set up a free initial consultation to discuss in further detail.

## **6. Licenses & Insurance.**



Each business has unique licensing and insurance requirements that are critical to its future success. Additionally, location impacts the types of licenses and permits required to do business. Some of these include: business license (occupational, etc.), permits, worker's compensation insurance, business insurance, liability insurance, directors' and officers' insurance, and so many others.

For licensing matters, visit your local city, county and state offices to determine what is required for your business, and/or consult with one of our ScaleUP Warriors to find out what you need to protect your business. Licensing matters are easily addressed, and a failure to obtain proper licenses could result in hefty fines or other more significant challenges.

Without adequate insurance coverage, just one mistake or slipup could cost you dearly and could be avoided affordably and easily. For insurance issues, our ScaleUP Warrior team is comprised of expert insurance industry professionals who are here to help you protect your business.

## **7. Protecting Your (Hard) Work.**

Most entrepreneurs should also take precautions to protect written and other work product through various types of intellectual property protections such as trademarks and copyrights. In some cases, you may need to consider a patent if you have developed a product or service with a unique formula. You will have no leg to stand on if another party "steals" you name, copies your product or intellectual property verbatim, unless you have protected these things. There is a difference in laws regarding physical products, code, and ideas, and you need to know which protection to use for each thing. Technology companies are particularly vulnerable today, but in reality most companies have at least some intellectual property in need of protection. Essentially, the rule of thumb is "Know the law and Protect your stuff".

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## **WHAT IS THE NEXT STEP??**

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Once you have had a chance to review the “Seven Secret ScaleUP Success Strategies” White Paper, we invite you to schedule a **FREE STRATEGY SESSION** with a ScaleUP expert!!

**To schedule a time that is convenient for *you*, please access our online calendar:**

**<https://calendly.com/info-882/strategyssession>**