

The item might be fantastic, but it might not fit your needs.

You'll want to make sure someone within your company has some tech savvy. If you lack the background yourself you'll want to hire someone or at a minimum have someone on your board of advisers or directors.

Or you can consider outsourcing some of this work. For example, whether it's a technology company or not, almost all businesses need some sort of presence on the Web. You can hire someone to build and maintain Web sites for your business.

Finally, once you have your system set up, make sure future tech purchases work with what you already have. Even products made by the same company can be incompatible. And you need to make sure staff is constantly being trained so they understand upgrades and how various parts work together.

## 7 Managing and insuring risk

### How much insurance? Weigh risks against costs to decide

Assuming your small business is renting property, has some bank debt, and has a couple of employees, there is a checklist of insurance coverages it will be required to purchase right out of the gate.

There's property insurance to cover the assets of the business. You'll want to insure at replacement cost so if something happens you'll be able to replace what is lost. Don't purchase the lowest deductible — save on premiums and purchase a higher deductible.

Another important part of insuring against your risk is business income coverage. Purchased properly, that will cover not only lost profits but continuing expenses as well. Everyone needs business income coverage, and insurance observers say not having it is one of the primary reasons for small-business failures after a loss.

Liability coverage is also key in case a third party files a claim against you for

### TIP

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injuries or damages inflicted by your firm. Landlords or bankers will probably require you to cover \$1 million per occurrence and \$2 million for an annual aggregate. That's probably an absolute minimum. If you started the company raising \$100 million, a \$1 million policy isn't going to provide

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#### INTERNET MARKETING



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Brandspring Solutions is a leader in the development of interactive marketing solutions that focus on integrating all sales and marketing activities to maximize your ROI. Brandspring has more than 30 years experience delivering on-target and cost-effective programs in traditional and Internet marketing.

Q

You've seen many young companies develop their Web sites the wrong way. What's the right way?

A

A lot of businesses don't build a Web site, or they delay it. Or if they do build one, they'll have a friend or nephew do it, someone who doesn't understand the marketing end. The most important thing is to have a thorough understanding of the customer, especially a thorough understanding of the customer's buying process. For example, for retail consumers we'll build a site totally differently than for design engineers, because the former has already made the decision to buy while the latter may still be doing a materials search. Interview your customers and prospects to find out these important nuances.

—DAVE MAISER, Brandspring Solutions

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Q

What can business owners do to increase their chances of gaining venture capital?

A

I encourage entrepreneurs to think in terms of risk mitigation: how do I mitigate the risk for a venture capitalist to invest in my firm and how do I increase their chances for realizing the highest possible return on investment? A lot of times entrepreneurs don't look at it this way, because they're too focused on their own internal business plan. The main area of interest, accounting for about 50 percent of the equation, is the management team itself. It has to be one that's highly fundable, highly skilled, and has the ability to cross the finish line. This is a credibility test, so if the owners don't have all the skills needed themselves they must build a board of directors or advisers to fill any gaps. Venture capitalists are especially looking for a management team that has made people money in the past.

—BRAD LEHRMAN, Lommen Abdo

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