START & RUN AN INTERNET RESEARCH BUSINESS

Gerhard W. Kautz
CONTENTS

Introduction xi

1 The Internet Research Business and You 1
   1. The Internet Research Business 1
   2. How Companies Find Essential Information 2
      2.1 Manufacturing industry information research needs 3
      2.2 Service industry information research needs 3
         2.2a Investment firms 4
         2.2b Information technology companies 4
         2.2c Lawyers 4
         2.2d Engineering and architecture firms 4
         2.2e Business and trade organizations 4
         2.2f Individuals needing information 4
      2.3 Government information research needs 4
   3. Your Internet Research Business 5

2 Choosing Your Specialization 7
   1. Why You Have to Specialize 7
   2. Assess Your Skill Set 8
      2.1 Computer skill 8
      2.2 Communication skills 8
      2.3 Investigative skills 8
      2.4 Personal skill assessment 8
   3. Assess Your Experience 9
      3.1 Work Experience 9
      3.2 Hobby and sports experience 10
3.3   Educational experience  
4.   Overall Personal Assessment  
5.   Select Your Specialization  
6.   Changing Your Specialization  

3 Your Business Model  
1. What Is a Business Model?  
2. The Business Opportunity  
3. What Is Your Market?  
4. Your Marketing Procedure  
5. Your Sales Procedure  
6. Your Project Work Procedure  
7. Your Delivered Products  

4 Your Company Structure  
1. Why You Need a Company  
2. Incorporated Company  
3. Partnership  
4. Limited Liability Corporation (LLC)  
5. Sole Proprietorship  
6. Recommended Company Structure  

5 Pricing  
1. Price Quotations  
2. Overhead Cost Factors  
3. Salary Expectations  
4. Billable Time, Company Time, and Personal Time  
5. Markup Factors  
   5.1 Specialization  
   5.2 Competition  
   5.3 Client understanding of personnel costs  
   5.4 Profit  
6. Overall Pricing Approach  

6 Marketing  
1. Why You Must Market  
2. Define Potential Clients
3. Identify and Select Potential Clients 36
4. Assess Marketing Methods 37
   4.1 Slogan 37
   4.2 Business cards 37
   4.3 Word of mouth 37
   4.4 Networking 37
   4.5 Business organizations 37
   4.6 Website 37
   4.7 Trade show participation 38
   4.8 Trade show milking 38
   4.9 Media advertising 38
   4.10 Telephone soliciting 38
   4.11 Direct-postal-mail advertising 38
   4.12 Direct-email advertising 38
5. Marketing Time Line 39
6. The Marketing Plan 40

7 Marketing Material 41
   1. Why You Need Marketing Material 41
   2. Business Cards 41
   3. Business Stationery 42
   4. Website 43
      4.1 Domain name 43
      4.2 Web host 43
      4.3 Website design 44
      4.4 Content 45
      4.5 Keywords 45
      4.6 Search engine listing 45
   5. Brochures 45
   6. Marketing Letters 46
      6.1 Brochure introductory letters 46
      6.2 All-inclusive marketing letters 47
   7. Client Response Form 48
   8. Unsolicited Email 48
## 8 Getting the Contract

1. Types of Contracts
   1.1 Contract for a specific project 55
   1.2 General service contract 56
   1.3 Retainer contract 56
2. Contents of Contracts 56
3. Contract Agreements
   3.1 Verbal tasking 57
   3.2 Letter contract 57
   3.3 Purchase order 57
   3.4 Detailed contract 58
4. Help the Client Close the Deal
   4.1 Send the client the letter contract 58
   4.2 Help the client draft the purchase order 58
   4.3 Help the client draft a detailed contract 58
5. Written Proposal 58
6. Interfacing with Clients 59

## 9 Project Estimating

1. Work Breakdown Structure 63
2. Time Estimating 65
3. Labor Costs 67
4. Additional Costs 67
5. Contingency Allowance 67
6. Buy-in Considerations 68
7. Price and Delivery Quotes 68

## 10 Time Management

1. Why You Must Manage Your Time 71
2. Establish Your Work Area and Work Routine 72
3. Project Management 74
4. Gathering and Storing Information 75
5. Multitasking 75
6. Recording Websites 76
11 Doing the Work

1. Verify the Client’s Needs 77
2. Beginning the Information Search 78
3. Internet Search Engines 79
4. Free Internet Information Sites 80
5. Charging Internet Information Sites 80
6. Misinformation, Disinformation, and Half-Truths 81
7. Other Information Sources 82
8. Drafting the Report 83

12 The Business Plan

1. Why You Need a Business Plan 85
2. Business Opportunity 86
3. Deliverables 87
4. Company Structure 88
5. Potential Clients 88
6. Competition 89
7. Market Share of Clients 90
8. Marketing Procedure 91
9. Sales Procedure 91
10. Project Work Procedure 91
11. Working Team 92
12. Projected Revenue 92
13. Projected Expenses 93
   13.1 Personnel 93
   13.2 Website 93
   13.3 Marketing and sales costs 93
   13.4 Delivery cost 93
   13.5 Office overhead costs 94
14. Profit/loss analysis 94
15. Financing 95
16. Future Expansion 95
17. Action Time Line 96
13 Administration
1. The Need for Administration 97
2. Keeping Time Records 98
3. Billing the Clients 99
4. Collecting Payments 101
5. File System 103
6. Keeping Cost Records 105
7. Business Accounting 105
8. Tax 106
   8.1 Income Tax 106
   8.2 Other taxes 106
14 Expanding Your Company
1. Why You Should Expand 109
2. Problems Associated with Expansion 109
3. Phases of Expansion 110
4. Subcontract Employees 111
5. Office Facilities 112
6. Hired Employees 113
7. Company Organization 114
8. Exiting the Company 115
Appendixes
A  Business Plan for Military Budget Opportunity Service 117
B  Letter Contract 125
C  General Service Contract 127
D  Proposal 129
E  Website Request for Proposal 131
F  Special Task Contract 133
G  Retainer Contract 135
H  Sample Contract 137
I  Subcontractor Letter Contract 139
1. The Internet Research Business

The Internet research business involves finding specific information on the Internet, for a client, and getting paid to do so. It also involves arranging and presenting the information in a form that is useful to the client, thus saving him or her considerable time. Occasionally, there will be a requirement to search other sources for information as well; however, most of the information will come from the Internet.

Companies around the world depend on information to stay in business and prosper. They need information on new technology, components for manufacturing, software, markets, competition — the list is almost endless. Companies have to find and evaluate the information, but this can be time consuming and costly for them. Internet research consultants can be hired to do this work for the companies much more cost-effectively than if the companies did the work themselves.

Who are these Internet research consultants? They are often one-person operations, working from their homes, in a specific information area. These people have usually, through previous employment,
acquired specialized knowledge in a particular field. More importantly, they know where to go to get more and updated information for their clients. Of course, their main source of information is the Internet, but they do not limit their investigation to just using keywords and search engines. To validate the information and obtain more details, they also look in places such as relevant online magazine articles, company product lists, company annual reports, and press releases. They will search anywhere that will provide them with the detailed information that their clients have requested. This is the type of business that this book will help you get started and run.

2. How Companies Find Essential Information

Some companies subscribe to specialist information services that keep them up-to-date on their particular information requirements, but in most situations the companies get the information themselves. Larger companies may have a dedicated research department to provide the information for them; however, this can be a heavy expense on the company and certainly not one that can be afforded by most companies. Usually the people within the company who require information are forced to find it themselves. This is a very time consuming effort because these people are not experienced information miners. They usually just punch some keywords into an Internet search engine and use what comes up.

The Internet search method is very popular, but there can be some negative consequences. For example, an inexperienced searcher stands a chance of overlooking vital information, or worse, obtaining false information. However, the big negative is the time the employee spends looking for the information. This is time that should be devoted to profitable company-assigned tasks. It can cost the company dearly, particularly if, for example, a high-priced engineer spends days searching to see how other companies solved a particular design issue. This is where a contracted information researcher can save the company money by acquiring the information cost-effectively, and freeing the company employees to do their primary job functions.

The information required by companies varies with the company and within the company. Manufacturing companies rely heavily on information to improve their products, increase their productivity, and market their products profitably. The service industry needs information for the same reasons. The government requires a wide range of information. The type of information required by these potential
customers is briefly discussed in the following sections. As you read through the sections, think about how you could help in obtaining the information for them. You may also be stimulated to consider other areas for which you could provide an effective information research service.

2.1 Manufacturing industry information research needs

Manufacturing companies rely heavily on information that is usually obtained by the employees who need it. A much more cost-effective source of information for them is an Internet research consultant, hired for a specific task, or on an annual contract. These companies need information to help them to —

- design the goods they will manufacture,
- develop the goods to manufacturing state,
- establish production methods,
- find the best sources of component supply,
- identify the market they should address,
- assess the competition,
- establish prices,
- determine the best sales methods,
- determine the best distribution methods, and
- obtain customer feedback.

As an Internet research consultant with knowledge and experience in one or more of the listed activities, you may be able to save the company considerable time and money by acquiring the required information for them, verifying it, and presenting it to them in easily usable form.

2.2 Service industry information research needs

The service industry also needs information. The obvious service companies with a need for information are the information companies themselves, but these companies already have trained staff to do the research work. In effect, they are your competition, but with much higher overheads. Some of the other service industry segments that can use the services of Internet research consultants are as follows.
2.2a Investment firms
Investment firms often have their own researchers to assess the viability of individual stocks and other investments, but may require additional research service for some of their projects.

2.2b Information technology companies
Information technology companies must keep up-to-date on the latest technological developments around the world and usually need help in doing so.

2.2c Lawyers
Lawyers need information to support and defend trials, lawsuits, divorces, etc.

2.2d Engineering and architecture firms
Engineers and architects must also keep up-to-date on the latest technological developments around the world and usually need help in doing so.

2.2e Business and trade organizations
Business and trade organizations are made up of companies with something in common, such as the defense industries or forestry companies. They often do research projects for their members and they usually contract out some or all of this work.

2.2f Individuals needing information
Individuals who need information could include almost anyone. Some examples include inventors who need help in patent searches, people considering starting a business but who need more information about it, or people working on family histories.

2.3 Government information research needs
The three levels of government require considerable information, but usually rely on their own staff to obtain it. They do occasionally contract out for help in this area, but the contracting process can be long and very documentation intensive. Many small companies do not bother with pursuing government business because they cannot afford the time and effort it takes to get the work.
3. Your Internet Research Business

Now that you understand the need companies have for information, the question is, “Why should they hire you to do the work?” The answer is simple — it costs them less if you do it. However, your biggest challenge will be to convince them of this fact, and that is where this book will help you.

It will take you through a process to evaluate your personal skills, experience, and knowledge that will help you select the area of expertise you should concentrate on in your Internet research business. You will then be shown how to develop a business model for your business; that is, what you will actually do to get business and make money. From the business model you can decide on the company structure you need and calculate some preliminary pricing. Good marketing and sales skills are the keys to any successful business and this book will help you with these important aspects. This book will guide you through your development of the process or processes you will use to actually do the work you are contracted for — efficiently. You will then be shown how to put all of this information together in a business plan. A business plan is a must for any business, for a number of reasons such as the following:

- It will make you consider problems before you encounter them in real life.
- It will indicate if you can make money with the business, and how much.
- It will help you predict your cash flow and help you decide if you need additional financing.
- It will explain the business and opportunity to those from whom you seek financing.
- It will generally keep you focused on the business, rather than allow you to go in several different directions.

The various concepts and issues covered in this book are explained with the use of examples of different Internet research businesses. A series of samples provide documents and tables that you can adapt to your own Internet research business. This book also covers the boring but necessary administrative chores such as bookkeeping and income tax.
As you read and work through this book, you should be in a position to set up and run a profitable Internet research business. The business will not only be very rewarding for you, but a lot of fun as well. In effect, you will be getting paid to surf the Net.