

START & RUN AN INTERNET RESEARCH BUSINESS

Gerhard W. Kautz

Self-Counsel Press

(a division of)

International Self-Counsel Press Ltd.

USA Canada



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	11
4.	Overall Personal Assessment	11
5.	Select Your Specialization	11
6.	Changing Your Specialization	13
3	Your Business Model	15
1.	What Is a Business Model?	15
2.	The Business Opportunity	16
3.	What Is Your Market?	16
4.	Your Marketing Procedure	17
5.	Your Sales Procedure	18
6.	Your Project Work Procedure	18
7.	Your Delivered Products	18
4	Your Company Structure	21
1.	Why You Need a Company	21
2.	Incorporated Company	22
3.	Partnership	23
4.	Limited Liability Corporation (LLC)	24
5.	Sole Proprietorship	24
6.	Recommended Company Structure	25
5	Pricing	27
1.	Price Quotations	27
2.	Overhead Cost Factors	28
3.	Salary Expectations	30
4.	Billable Time, Company Time, and Personal Time	30
5.	Markup Factors	31
5.1	Specialization	31
5.2	Competition	32
5.3	Client understanding of personnel costs	32
5.4	Profit	32
6.	Overall Pricing Approach	32
6	Marketing	35
1.	Why You Must Market	35
2.	Define Potential Clients	35

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	55
1.	Types of Contracts	55
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	57
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	58
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	63
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	71
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	77
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	85
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	97
	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	109
	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

CHAPTER

1

THE INTERNET RESEARCH BUSINESS AND YOU

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,



An inexperienced searcher stands a chance of overlooking vital information, or worse, obtaining false information.

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.