Start & Run a Computer Repair Service

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Contents

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Introduction

I love computers and have since I was in my early teens. Over the decades, I've watched them develop from giant clunky boxes with green screens to tiny works of art that project photo-realistic games on monitors the size of walls. I eagerly read each new issue of *Byte* and *PC Magazine*, waiting for the next breakthrough in hardware and software; it's probably fair to classify me as a computer enthusiast.

As a hobby, it's relatively inexpensive. Think about it — the most expensive desktop CPU in existence at any given time is usually a little more than $1,000. That's it! Imagine having the ability to buy a Formula 1 race car engine and pop it into your car for less than the cost of cable TV for a year! Of course, engines don't double in power every two years, but the ease and simplicity of computer upgrades have made most of us relative experts in working on our own systems.

Six years ago I was in this position. I had built my own computers for years and was the guy everyone came to for help. I'd been an IT professional for more than a decade so when my wife Lynn and I started looking for business opportunities we saw a computer store as a natural fit. I'd managed people for years and I loved computers. What could be better? I found a profitable store for sale, bought it, and prepared to enjoy my hobby while the money rolled in!

What followed were the most grueling three years of my life. My wife and I received a crash course in retail sales, customer service, follow-up, technical support, marketing, and on-site service. The lessons in this book are the direct result of years of trial and error, and of failing miserably and working through it, to emerge successful, happy, and profitable.

Books, Websites, and Other Resources

This book is focused on giving you the critical information you need to begin on the right foot, but as you grow you will run into situations where additional help is required. As much as we'd love to have a comprehensive collection of answers for every situation you might encounter, it's just not reasonable

or even possible. Fortunately, we live in an age where information is only a few clicks away!

For instance, while we may recommend inexpensive sources of advertising that have been effective for us, there are entire books and websites dedicated to finding the most effective advertising for your business. Therefore, throughout this book, you will find links to websites, books, and resources that can help you find what's best for you.

That said, we cannot guarantee that the resources listed will be the best for you or your business. Sure, there are others out there and you may find better or worse, but these are the ones we have used successfully and believe have fair prices and good service. We don't get anything from these sites for mentioning them and they are listed here because they helped us and we hope they can help you.

Forms

Throughout this book, you will find many references to forms and other documents that you can use in your business. Each of these documents is on the CD included with this book. Before you use any of these documents, you should consult your own attorney or accountant as the laws in your state or province may be different and the documents may need to be worded differently to be applicable in your area.

1

Computer Repair: An Opportunity in Any Economy
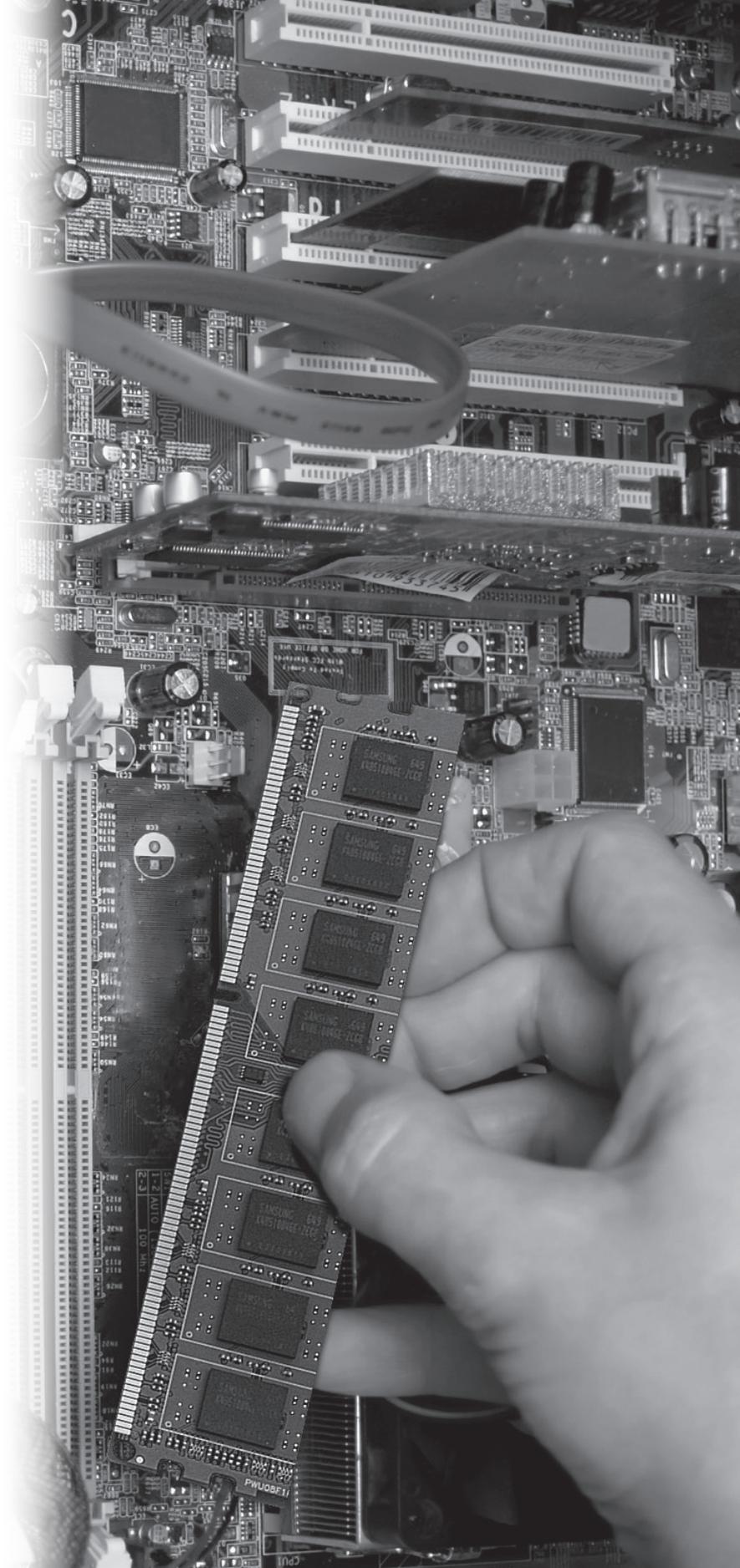
lmost six years ago, my wife and I decided we were done being corporate drones and working 70 hours a week climbing the ladder of success. We'd chased the corner office, we'd taken endless flights, and we were tired of our shoulders drooping from carry-ons packed with multiple laptop computers. There was no end in sight and we realized it was time for a change. Fortunately, our timing couldn't have been better.

In 2006, the economy was booming and people had more money than they knew how to spend. The real estate market was going crazy and houses were appreciating at 30 percent per year. The instant equity created allowed people to take out loans — there was disposable cash everywhere! With this much cash in the economy, new construction and new businesses opened daily. Instead of clawing and scratching for every dollar, many business owners just hung out their shingles and waited for people to show up — and show up they did!

As suited corporate members, we were used to spending years working on projects only to see them abandoned when new leadership came in. We needed a change. We considered opening a consulting firm, but the market was flooded with them and we didn't know how we could differentiate ourselves. A friend of our suggested we look into purchasing a business instead of starting one from scratch. He said we might be able to save ourselves some time and money by plugging ourselves into a company with a proven revenue stream. It sounded good, but which company? There were thousands!

We began our research. If memory serves, we looked at more than 3,500 businesses in the Phoenix area alone! We checked out everything from coin-operated Laundromats to print shops. There were so many interesting opportunities and as we continued to research, we realized each of them was missing something. During a strong economy, they could make money, but if anything were to happen, they would be in real trouble. For example, selling high-end granite kitchen counters is fine when million-dollar homes are being built faster than people can buy them, but bull markets can't last forever and we were looking for something long-term. So, what type of business could grow during both economic growth and economic recession?

Just when we were about to give up, we found one business that looked really promising. It was a local computer store and it was selling computers as fast as the staff could build them! The store was packed with people, it was stocked from floor to ceiling, and the employees were happy. This business looked like many of the businesses we'd seen but one thing stood out — it didn't just sell a particular item, the staff did repairs as well! This, combined with my personal interest in computers made this business a very strong candidate.

When you run any business you can only sell two things: time and components. Computer businesses are no different. If people aren't buying computers, they better be buying service or you're out of business. Fortunately, the single greatest reason customers enter our stores is because their computers are malfunctioning. Sure, some customers come to our stores because they want to upgrade or just need a new computer, but let's be honest, more than 80 percent of the time something's wrong.

However, the solution to this problem is to repair it or replace it. When people have money, they don't want to mess with the old system. They shrug like it's nothing for them and pay $2,000 on a new system. Why should they bother fixing their old system? They are people of means and see no reason to trifle with a dusty old piece of junk. Flash forward a few years; the home equity line of credit has been drained, the real estate bubble has popped, and the dusty piece of junk that will cost $100 to repair starts looking good.

If you don't have the ability to tap into this type of need, and your only revenue stream is component sales, it is monumentally harder to stay afloat. You might need to adapt to the market conditions, but you can survive. Businesses that don't have that capability are dying all around us while we prosper and expand because we have a business that services people in both an up and a down economy.

1. The Computer Business during a Boom

Of course, if the economy is doing well, people have money to spend and a computer business can make high profits. People buy new, high-end gaming machines, companies want expensive high-capacity servers, and businesspeople start shopping for the best laptops available. If you are in business during this economy, you can find that custom computers can routinely make margins as high as 30 to 40 percent. This means that on a $2,000 gaming system, retailers can make as much as $800 on one sale! During a booming economy, the computer business will realize the following:

- Customers choose to replace instead of repair broken computers. Customers often don't feel like investing $150 into an old computer when a new computer is only $400. Plus, they'll often give you the old one if you transfer their information to the new computer.

- Customers may bring in older, working machines and request a full rebuild of the computer (replacing all the interior parts to upgrade the machine).

- Customers consider fast computers a "need" instead of a "want." Businesses want bigger, better computers and servers to make their employees "faster." Individuals want better machines to allow them to play games, edit videos, and, in general, have a faster, better experience.

2. The Computer Business during a Bust

When the economy is doing poorly, people cut back. They start looking at ways to save money and repairing computers is often far less expensive than buying new machines. This means that while other businesses are watching their customers dwindle, sales plummet, and foot traffic reduce, a computer repair business actually starts to grow! This is what the business looks like during an economic recession:

- Customers choose repairs before replacement computers. If the customers feel they can spend $150 and get their computer running "like new," that is worthwhile compared to spending $400 or more to buy a new computer.

- Customers choose to upgrade one or two parts on an old machine. Sometimes these modifications (e.g., additional RAM, bigger hard drive) are less than $100 and will make the old computer as good as new for the customer.

- Customers buy lower-end refurbished systems. When people are looking to save money, refurbished computers fly off the shelves while the new ones gather dust.

3. A Business That Grows in Any Economy

Computer businesses that typically repair systems as well as sell computers can survive in booming or busted economies. Because we own a business that can grow in any economy, while most businesses were feeling the pressure, we were expanding. We opened a second location and later that year also began giving back through our Computers for Soldiers program. Not bad for a business during a recession!

What's even better about the computer business is that it has the opportunity to expand and grow depending on the services you offer. If you start getting business clients, you can grow your business to include maintenance plans and eventually handle the IT needs of businesses all over your area. Or, if you enjoy rebuilding machines, you can get into refurbished systems and sell online, in a retail store, or even become a wholesaler or recycler. In the computer business, there are so many ways to expand and grow that it is all up to you how you go about it!

If you want some personal guidance before you jump in, you may want to contact SCORE — Counselors to America's Small Business! This group specializes in helping small businesses get off the ground, grow, and handle challenges. It is a great place to get some *free* advice and find lots of useful ideas and assistance. (www.score.org)

4. How Much Can You Make?

Your revenue depends on many things, including, but not limited to, number of hours worked, location, skill set, services offered, competition, and name recognition. Let's look at some examples.

4.1 Part time: Owner-only business

You've probably seen a part-time/owner-only business on Craigslist or other online classified ad websites. The owner may work a full-time

job and do a small amount of computer work on the side. There is no dedicated phone line for the business but even if there is, only one person answers it. This is the most common of the part-time computer businesses and it can be a very nice source of additional income.

This type of business has a few regular customers and they all are serviced by the owner. There are no full-time employees and this one-person shop can handle 10 to 20 customers a week with most of them on the weekend. The rate these types of owners charge is usually less than a full-time operation, but they can still make $30 to $40 an hour! If they can up sell a few pieces of hardware, they can make $600 to $800 a week! For a part-time gig, that's pretty good money, but they are tied to their customers and can never get a break.

4.2 Full time: Owner-only business

If the business owner is a dedicated full-time employee, he or she will be able to take on many more customers. In general, it would be possible to have as many as three or even four on-site customers in one day — especially if some of the work is completed either remotely or at his or her business (or home) location. Add that to the other work brought back to the house or place of business and he or she can make a very nice living!

If you can multitask, you can do well in this kind of setup. For example, if you're the only one working, you get up in the morning, start the virus removals going, maybe start updating a few PCs, then head out. You work as quickly as possible, get a few customers taken care of, and then head back to your base of operation. Run more antivirus tools, maybe start a wipe and reload, then head back out. Take care of a few more customers, bring back the PCs

that are too difficult to deal with and work on them. If you do this and build a solid list of clients, you can do very well, but you will work seven days a week.

When you're the only person in your business, people think of you as their computer person. You're not a firm with whom they deal, but you're the person on whom they rely and if you can't help them out, they take it personally. It's important to set boundaries and let people know from the start when you're available. Stick to that and set pricing accordingly. Never underestimate how much your time is worth. In this business model, you're the linchpin for many companies and time given to one person can be time stolen from another.

4.3 Full time: Business has employees

Once a business expands to be big enough to employ others, your income is only restrained by the opportunity for work. A business owner can add employees as the work grows and will be increasing his or her income with each new employee! As long as the owner is careful to only add employees when they are required the business can continue to grow. The problem some owners have is that employees will always complain they have too much work to do and that there are never enough people. We were caught in this trap early on and we hired too many people. Funny thing was the work didn't get out the door faster. Turned out, we had the wrong people, not too few people!

It is absolutely critical that every single person you employ pays for himself or herself. You can *never* hire someone who is just nice to have around. If the employee doesn't do the tasks that earn the amount of money you pay him or her, get rid of the person.

As you grow, you can leverage your employees to take on larger and more complex projects and, remember, the more employees you have, the more money you are able to make. As long as you keep your costs low, you can keep on growing! Once you start growing there is no limit on the income that can be earned through the computer business. You can franchise your business model or even sell it entirely! Once you start one business, you'll become addicted to starting more.

5. Are You Qualified?

First, you need to know what your role will be. Do you want to manage a team of technicians and handle the financial end of the business while leaving the day-to-day servicing of computers to your employees? That's a good goal to pursue, but if you're just starting out, that's probably not the case.

Let's focus on someone who wants to do the work initially and then branch out as he or she grows. With this in mind, what qualifies someone to repair computers? Unlike some industries that have rigid certification requirements, there are no rules for becoming a great computer technician. Over the years, I have hired (and fired) many technicians. I have found great technicians who were teenagers that only started working on computers a few years earlier as well as experienced veterans with decades of time in the field. I have also seen people who have worked as computer techs for years (usually at some big-box stores) that couldn't pass our initial screening exam. So, what does it take to be a great computer repair technician?

- **Patience:** First and foremost you must be patient. Not all computer problems are solved quickly and not all customers are wonderful. However, if you have patience, you can get through just about anything.

- **Problem-solving skills:** About 95 percent of the problems you will see are the same (e.g., if the hard drive clicks, well, the hard drive is probably bad). However, 5 percent of the time, it's something that's not obvious and you need to be able to figure out what the issue is. That means troubleshooting, swapping components, trying different solutions, and persevering until you figure out what's wrong.

- **Positive attitude:** People will forgive a lot *if* you have a good attitude so be upbeat, happy, and positive. When you run into a problem, as frequently happens, make sure you give the customer solutions, not facts. Telling a customer that viruses have destroyed the Master Boot Record is just giving them information. Instead, tell the customer that while the virus screwed up his or her software, you have the tools to recover the data but it will take some time. The better your attitude, the better your customer's attitude! You drive his or her perceptions. If the customer sees you as angry and irritated, he or she will react accordingly.

- **Love of computers:** If you don't love them, you will hate them. Maybe not at first, but eventually. Computer repair is about problem solving, research, and results. The tough part is the repetition. Sure, you'll get a fun problem where the computer randomly shuts off although all the hardware tests perfect and it only happens after 9:00 p.m., but this is the exception to the rule. Most of the time you'll get machines with bad hard drives,

bad power supplies, or ones riddled with viruses. Those three problems comprise the vast majority of the problems you'll encounter so you better get used to fixing them. With that said, you'll learn something new every single day. You can't help it. There are too many ways for computers to get screwed up and a seemingly infinite number of people to break them. So when you're working on the easy ones, let your brain focus on the tough ones. That leads nicely into the next point — multitasking.

- **Multitasking:** The most profitable technicians are the ones that can work on more than one system at a time. This is because many repairs require scans that will take hours; software installations that can take 15 to 20 minutes and downloads that can take hours, depending on the speed at which you're downloading. While the computer is working on that task, you want to shift and work on another. A common problem we run into is Windows shutting down unexpectedly or even briefly displaying the Blue Screen of Death (BSOD). While there are many reasons this can happen, a common cause is a failing hard drive. To test for this, we boot the computer into a special disk that automatically tests the entire system, including the hard drive. This can take anywhere from 15 minutes to several hours. Can you imagine if you only worked on one computer at a time? You'd sit there staring at the computer and nothing would be accomplished. Instead, move to the next computer, diagnose a third, start scans on a fourth, and get as much work out the door as possible. Time is money and you *must* use your time wisely.

- **Experience:** Yes, this is last, mainly because experience will be gained. The more you work on computers, the more you will learn. My wife actually worked in our stores for a few months. Although she wasn't a big fan of hardware repairs (her background was programming) after a month or so, she was completing hardware and software repairs for customers. Experience can be gained quickly and easily, but it takes concentration and determination. There are untold numbers of books on how to fix a computer. For that matter, following a simple troubleshooting chart can take you through most of the problems you'll see. There's a good example of a Boot Failure Troubleshooting Flowchart you can follow at www.fonerbooks.com/poster.pdf. The more computers you repair and the more accustomed you become to them, the more confident you'll be and the faster you'll solve problems. It has come to the point where I have solved a problem without even seeing a computer. When a customer walks in and says that his or her computer doesn't turn on even when he or she presses the button, my first instinct is that the power supply has died. It's common to see many dead power supplies in places where the power fluctuates. While it may seem like magic to know what's wrong with a PC before I even start to diagnose it, it's just because I've seen it so many times before. The same will happen to you and you'll be seen as a wizard!

If you think that these points describe you, then you may be on your way to owning a successful computer business!

6. Why You Don't "Need" Technology Certifications

For the purpose of actually fixing computers, certifications provide very little value. You can teach someone to troubleshoot a computer and in a few weeks he or she will be amazing, but he or she can have all the certifications in the world and not know how to open a computer case. There are some certifications that are commonly required to work at many of the big-box stores but I've interviewed hundreds of people with those qualifications and they rarely display any actual knowledge.

The exception to the rule is certifications from Microsoft: They still don't replace experience but they indicate a degree of knowledge that can be useful when determining whether to hire one candidate over another.

Honestly, a certification is mostly just for show. Despite the buzz value placed on them by some, they're generally only good when you're doing advertising. "All our technicians are ABC Certified so you *know* you can trust us!" So are we to believe that someone with ten years of experience and no certification is less valuable than someone with a nice piece of paper?

Certifications are nice to have and they show someone was interested enough in working on computers to get them, but that's probably it. We have seen plenty of certified technicians that are not half as competent as self-taught technicians. The difference is always experience. Sure, wiping a computer and reloading the operating system is easy 95 percent of the time. However, it is that 5 percent of the time where the operating system doesn't load, the updates won't run, or the drivers can't be found that makes the difference between a qualified technician and a

"certified idiot." With that said, if you employ people who do have certifications, by all means, display the certificates everywhere you can.

7. There Are Easy Ways to Solve New Problems

No matter how many years of IT experience you have, there will be problems you have never faced before. New products and services appear daily and it just isn't possible to keep current with all of them. With these new products come new problems. Solving them quickly and profitably is what being a computer tech is about. Don't forget, the longer a problem takes to solve, the less you earn to solve it. In a perfect world, every problem could be solved in less than a minute but that's just not the way it works.

Those of us who have been doing computer repair for years know there is nothing better than Google to troubleshoot an issue. Is there a random beep code? Google it. Does the customer have a virus you haven't seen before? Chances are someone else has already solved it. Whatever the problem, don't be afraid to leverage Google to find the answer. Chat rooms and discussion forums are full of technical problems and solutions. Fortunately for us, Google makes it easy to navigate the Web. Just type in the error code, computer type, or whatever makes the issue unique and you are bound to get tons of results.

I'm lazy. I fully accept that about myself. In my mind, why should I spend hours trying to figure out why something is broken when people much smarter than I am who have many more years of experience than I do have already solved it? It just doesn't make sense, but

we have had technicians in the past too embarrassed to admit that they didn't know the answer to a problem. They have this idea that they are tech gods and all should defer to them, so when something happens they can't explain it drives them crazy. They will waste *hours* trying to figure out how to solve the problem instead of doing a simple search. The result: They are slow and inaccurate. I don't pay them to waste my money; I pay them to solve problems. That means as expeditiously as possible.

Get on the Internet and type in a few search terms. Odds are good that no matter what it is, someone else has faced it before and mentioned it on the Internet. Spending 30 minutes reading the forums and searching the Internet can replace days of frustration and lost revenue.

8. Getting Paid to Practice

Sure, you have fixed your computer and your friends' computers. Maybe you even helped people at work. However, that may seem different from working on a system that is owned by a complete stranger. If you want some extra practice before you jump into starting your own repair business, there are many ways that don't involve taking on your first actual paying customer. If you start by doing a paid on-site job, you're probably working while the customer is breathing down your neck asking you to explain everything you're doing. This adds more pressure than you need to your very first job, so how about getting some practice first?

One of the best ways to practice before you start your business is to work on used systems. This is a great way to get started for a couple of reasons:

- Used computers usually don't work or don't work well. After running computer repair stores for years, I can tell you this is very similar to what your customers will bring in. First, you don't know if they work; second, if they do work, you have no idea what is wrong.

- After you repair them, you can sell them as refurbished computers and you will be able to get paid for your practice!

There are a few good places to look for used computers. Usually, you can find low-cost machines at places like Goodwill and other charitable organizations. Another option is to look on Craigslist for computers that may not be in working condition. To get experience on desktop repairs, look for machines that meet the following standards:

- Certificate of Authenticity (COA), also known as the Operating System Key. Microsoft requires that every computer that runs their software is properly licensed. To that end, each system has a COA on it, stuck to the side, the back, the top, or the bottom. It's a white and greenish sticker with a bunch of six-digit alphanumeric groups. That key is used to reinstall the operating system. If you don't have this, you'll need to buy one if you're going to remain in compliance. Try to find computers that have Microsoft XP or newer operating systems (OS). Any OS before this will not be supported by Microsoft and is hard to work on anyway.

- Getting used RAM is almost as expensive as buying new RAM, so try to find a computer that already includes at least the minimum amount of RAM recommended for its OS. For example,

if the computer has XP, make sure it has 512MB RAM. Any less and it will be so slow that you will become frustrated working on it. The good news is that even a computer in bad condition tends to have working RAM so this is one part that is usually recoverable on a used computer.

- The motherboard has *no* blown or leaking capacitors (caps); this is critical. Replacing a motherboard is expensive and if the motherboard has blown or leaking caps, it will need to be replaced. Some computers will work if the motherboard has capacitor problems, but it won't work well and it won't work for long. Since this is something that can be identified with a simple visual inspection, it is an easy way to avoid a problem.

- Unfortunately, there will be no easy way to tell if the CPU is working without powering up the computer. The good news is that CPUs are one of the least likely components to break. Therefore, if it is in the computer, there is a good chance that it works; however, if it is missing, getting a new CPU can be annoying and expensive. If the computer does not come with a CPU, you may as well look for another machine.

- In general, the case size doesn't matter from your perspective, but if it is a "slimline" computer, you should be aware that replacement parts (e.g., power supplies) are often built specifically for that machine. Custom power supplies are a fortune to replace. While a replacement power supply on your average computer can cost you about $20 from a wholesaler (less if it is used), a replacement for a slimline computer is almost always used and often runs around $100!

- In general, once a computer is refurbished, customers will judge its condition by its case. Even if you replace the entire inside of the computer with new components, a beat up case will make your customers wonder about the quality of the computer. The better the case, the easier it will sell.

- The CD/DVD drive component is not as critical. In general, most computers come with either a CD or DVD drive. If the one in the used computer doesn't work, you can probably get a used replacement for around $10 to $15.

- Even after you take all these precautions, odds are good that some computers you find will not be cost effective to repair. However, if you got them for a low enough price (i.e., less than $40), the experience you gain (and the parts you strip) should more than cover your cost.

If you are looking to learn more about laptop repair, try to restrict yourself at first to one type of laptop. Don't try to buy an HP, and then a Dell, and then an IBM. Instead, find one type of machine and try to find used computers of that type. Trying to fix a machine by replacing a screen is expensive if you need to order new parts to make the repair. However, it becomes more cost effective if you can take the screen from a machine with a bad motherboard and replace it on an otherwise working computer. So, maybe you can find a lot of IBM ThinkPads and just complete repairs on those systems. This will allow you to practice with one model and use the parts from the nonworking computers to fix the laptops that are close to

working condition. Otherwise, if you try to practice on multiple brands and models, you will find that most laptop parts are not compatible with other models (except for RAM and hard drives) and you will wind up spending a great deal on replacement parts.

You will also find that buying used laptops, even in nonworking condition, is much more expensive than buying used working desktops. This is because the working parts of nonworking laptops are still expensive. For instance, a used laptop screen can retail for $80 or more! The good news is that the market for used laptops is always strong, so once the computer is up and running you should easily make back your money.

9. Working at Home versus Retail Storefront

Although we began our business through a retail storefront, you don't have to take the same path we did. It may be possible to immediately open a retail store but it might be prudent to start slowly.

You can have a thriving business working out of your home using the exact same marketing and advertising strategies we use in the retail space. You can create a wide customer base and become profitable much more quickly working from home rather than if you had to recoup the start-up costs of a retail storefront. You can sell parts, repair computers, and even build custom systems from your home. Your growth potential is limited working from home but your start-up costs are so low it's a very safe way to dip your toes into the waters of computer service.

Table 1 outlines some things to consider when deciding between working from home and opening a retail storefront.

9.1 Finding a location for a retail storefront

The answer to where to locate your business is extremely simple in this day and age. Everyone uses computers so you can have a successful business almost anywhere! Some places are better than others, but no matter where you go, it's possible to create a successful business model that is flexible enough to take advantage of the local demographics. Your fundamental goal is to provide a service that the local population can't easily replicate. Let's take a look at Table 2.

Table 2 shows just a few examples but you can see how tailoring your services to the demographics of the area can help you become successful in any environment. The only requirement is that there are people who have computers. Everything else is up to you!

One common issue people raise is the presence of some of the larger computer stores in a given neighborhood. Don't let that stop you. No matter what other businesses are in your area, large or small, there are still opportunities for a profitable computer repair business. For instance, one of our stores is right around the corner from one of the "big-box" computer stores. The store has tens of thousands of square feet of floor space, hundreds of associates, and nearly any component you can imagine for sale, often with multiple alternatives. No point in trying to compete, right? Wrong!

Big-box stores are very different from smaller, more agile shops. There are huge differences

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TABLE 1

WORKING FROM HOME VERSUS RETAIL STOREFRONT

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	Home	**Retail Storefront**
Cost	**Very Low** If you are growing your business from your home, typically you will not have very high set-up costs. As a matter of fact, the space and utilities you use for your business can actually be tax deductible, thus reducing your personal expenses!	**High** If you are looking to open a retail location, there are many expenses that you will need to pay. Costs will include rental agreements (e.g., first month's rent, security deposit), utilities, signage, full inventory, and more. Be prepared to spend anywhere from $20,000 or more on even the most conservative retail location.
Speed to Opening	**Immediate** If you choose to run a business from your home, you can get started almost immediately. There is very little lead time and you can be in business as soon as you get your initial set-up items completed.	**3 to 6 Months** Retail stores tend to take three to six months to start up *after* a location is identified. The lease has to be negotiated, the contract has to be signed, and the store has to be set up. When we started our second store this took only a few months, but some business owners spend as much as six months getting this started.
Management	**Easier** You already manage your home so running a business from home doesn't change anything (except for the work space you set aside)!	**Harder** Once you commit to a retail location, you will find that you have more to manage (e.g., rent, security).
Obtaining Customers	**Harder** Because you do not have a retail location you will not be able to benefit from customers driving by and seeing your new storefront. As a result, you will have to rely entirely on your marketing and advertising to bring in new customers.	**Easier** When you obtain a retail location, one of the things you are buying is the customer traffic that the location generates. Each day, a good location should give your business the ability to advertise to thousands of potential new customers.

TABLE 1 — CONTINUED

Customer Visits	**Limited** If you intend to run a business from your home, you may need to review your homeowner's association policy or insurance. It is possible that either (or sometimes both) will not permit customers on your property.	**Unlimited** If you have a retail storefront, you are allowed to use the space (generally) for any commercial purpose. This means that you can have business meetings, etc., at your location.
Credibility	**Lower** Unfortunately, working from home is sometimes a concern for customers. Because you don't have a retail location, some people will be concerned that you won't be in business for long. You will need to pay special attention to building credibility (see Chapter 3).	**Higher** Although many businesses fail each year, customers do see a business that has a retail location as being more of a "real" company. They are likely to assume that the business is more capable than one in a mobile location.
Ability to Grow	**Limited** In general, you will have less ability to grow your business from your home. For example, it will be more difficult to add new employees, or have customers visit your location. If your business grows beyond what you can handle, you may need to consider retail or commercial space.	**Infinite** Once you start running a retail location, you can grow your business to add other stores, or simply expand to additional office space. Many computer repair businesses have grown in this way (e.g., Data Doctors).

between the large, impersonal store and the close and personal service of a small store. Instead of the larger store hurting our sales, we found that many of our customers find us as they are driving to that "other" business! They know that the prices at large box stores are often very high for computer repair and they may decide to try a local business instead. Imagine that; we get customers *because* there is a big-box store in the area that does computer repair. Also, many customers like the idea of dealing with the same person all the time. That's

unrealistic to expect in a store that employs a hundred or more people, so in our smaller store our customers get the value of familiarity.

Another thing that people often worry about is that a large retailer will take all the computer sales from the business. What we have found is that this is not the case at all. We actually have a business in a Walmart shopping center. While there is the risk of losing business to a large store such as Walmart, we still find bargain hunters that buy our products instead

TABLE 2
WHERE TO LOCATE A RETAIL STOREFRONT

Demographics	Need	Service and Products
Businesses	Maintenance and reliability	Service contracts, servers, regular visits, and printers
Younger (college students, etc.)	Newest technology	High-end, flashy systems and multimedia PCs.
Older	Simplicity and reliability	Classes, patience, and inexpensive computers
Families	Safety, homework, and home entertainment systems	Internet security, educational systems and software, and reporting software

of theirs. Being a small repair shop, we have the opportunity to tune our offerings to compliment the large behemoth (e.g., we don't compete on new laptop prices with Walmart). While Walmart does sell computers, they don't build custom systems with high-end parts. As a result, Walmart employees have actually been known to send *us* business!

In other places, there may be no other store or competition, but that doesn't mean that people don't need computer repair — just the opposite. In some areas, a lack of businesses may mean a golden opportunity to fill a real need in your community; in this case, there is even less need to start a retail store at first. If there is no competition, it means that people are either living with problem computers or they are driving dozens of miles just to get to a repair store! You may find that your store will grow quickly just from word of mouth!

Wherever you are, one of the best parts of being in the computer business is that it is a business that can exist in any town, in any part of any country. With the low entry costs and

high immediate return, it is easy to test an area before you commit!

If you have experience running a retail store or have significant capital, starting with a storefront may be the way to go. We only recommend this if you have significant financial resources and are sure this business is for you. It may be months until you're profitable and you don't want to put all of your money into a venture, sign multiyear leases, hire employees, buy equipment, get everything set up, and then realize you don't actually want to do this as a profession.

9.2 Working from home

One of the best parts of getting into computer repair is that you can ease into it. You don't need a special permit, expensive equipment, or even a special license. It's just you and your own hard work!

The best advantage to starting this type of business is that you can test the waters by starting part time and increasing your hours as

your business becomes profitable. It's tempting to jump right in and open a store, but if you haven't done anything like this before, take our advice and tread with care. You may have a strong idea you eventually want to open a store, but if you want to save a few dollars and start slowly, the easiest way to get started is to begin as a part-time, home-based company. This will let you invest the available time you have for the lowest amount of money. As the business grows, you can decide how to expand.

If you are currently employed, starting a computer repair business is an easy way to supplement your income. Before you start running ads, decide when you will be available. If you have a day job, you may want to focus on finding customers who need "after hours" service. This will let you charge a premium for your service while building your customer base. It's important to decide this in the beginning. A critical part of creating satisfied customers is meeting expectations. If you know your boss has called a meeting for 9:00 a.m. the next day you can't expect to work until 2:00 a.m. on the side as your primary job will suffer. With this in mind, create a time range in which you're comfortable working and stick to it. Customers will naturally push you to work outside of your time frame, but if you stick to the stated times, they will respect your boundaries. You must be consistent. If you arrive late or don't have the expected work done on time, customers will expect you to make up that time elsewhere.

10. How Much Will It Cost to Start Your Business?

One of the first questions you may consider is how much it will cost to start your own computer repair business. The short answer is that it depends on what you want to do. One of the best parts about starting a computer repair business is that the start-up costs are dramatically less than they are for other businesses. If you want to open a restaurant, you'll need ovens, sinks, disposal, venting, a theme, tables, chairs, glasses, dishwashers, a full staff, and menus — it's easy to spend $150,000 getting it ready.

As a point of contrast, when we opened our second retail store we spent less than $30,000. That sounds like quite a bit, but consider that included the entire interior setup, all the inventory, the signs, the computers to run the place, the software, the lease, the security deposit, as well as the phone system and all the tools. In addition, we became profitable in our second month of operation without any advertising whatsoever. I'm not suggesting you go this route; it's a decision not to be made lightly, but knowing how much less it is to build a turnkey operation can help you make that call.

If you choose to forgo a retail location and simply work from your home, the start-up costs are almost nonexistent and you can

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Rich Dad's Before You Quit Your Job: Ten real-life lessons every entrepreneur should know about building a multimillion-dollar business, by Robert T. Kiyosaki with Sharon L. Lechter: This was the first book we read about owning a small business and the information in it was very helpful. The discussion isn't just about opening a business, but also why you should and what it will entail. This book covers the risks and rewards that come from leaving a permanent position and pursuing business entrepreneurship.

easily get started for less than $1,000. The biggest reason for this is that you probably already have most of the things you need.

The following are some of the things you will need to get started:

- **Website:** Do you need a website on your first day? Of course not. With that said, many people use the Internet to find low-cost computer repair so there's no reason to neglect this form of advertising. Purchase a name that's easy to remember, get it hosted through one of the many hosting services and you'll be well on your way! A single page with your services and telephone number will do to start. You don't need a full e-commerce site to get a customer. Every time you're thinking of spending money, ask yourself this question: "When will this purchase pay for itself?" When you're just starting, especially if you're working from your home, if you can't answer "immediately," don't spend the money. (See Chapter 3 for more information about building your website.)

- **Contact number:** You should have a dedicated business phone line. However, a cell phone can be a great way to dedicate a line without breaking the bank — initial cost between $0 (if you already have a cell phone you can use) to $100 per month. A nice way to have a dedicated line without spending any money is to use Google Voice. They will give you a number that's 100 percent free and will forward calls to your cell phone when you want them to. That way, you will have a separate line but can choose to answer it or not.

- **Equipment:** In general, you will need some equipment to get started but it doesn't have to be expensive. The only pieces of hardware you'll absolutely need are a power supply tester and a screwdriver. It's helpful to have an external hard drive, a flash drive, an external floppy drive (yes, sometimes they're needed), extra sticks of RAM, etc., but you can get started with less. You will need software, but there are so many free applications available that there's no reason to spend money on the corporate versions until you've exhausted the usefulness of the free ones. (See Chapter 5 for more information about tools of the trade.)

If you try, you can keep your costs low and your profits high. Just make sure that every item you purchase is *needed* and not just *wanted*.

Not sure where to start? In the US, the Small Business Administration (SBA) has a lot of great resources for the small-business owner — and it's all *free*! You can find links to everything your small business needs including ideas to reduce tax burdens, ways to get grants and loans, instructions on finding business licenses, and much more! (See www.sba.gov.)