

## Chapter 2

### Four Steps to using Different Kinds of Cheap (revisited)

A while ago I posted a blog entry on "[Different Kinds of Cheap](#)." This posting discussed the difference between articles/books/templates, open source and cheap software, freelance services and packaged business expertise as parts of the Cheap Revolution. I also touched upon the role of specialists in working with a startup.

In this post, I'd like to discuss how to decide if you should use a specialist or an offering from the Cheap Revolution. Many clients that I work with have already made the choice of using a "Cheap" offering or a specialist and are in over their heads! Here are some simple guidelines designed to help you avoid these costly mistakes.

Choosing who to add to your virtual team is a critical decision that can propel or torpedo your startup. Here are some rules of thumb to follow when creating your optimal team:

1) **Know your business needs.** By this I mean that you need to understand the specific needs of your business across management, finance, marketing, sales, product/technology and legal. Make a list of your key priorities across each of these areas.

For example, a partial list might include:

#### Management

- Complete business plan
- Find content editor
- Establish common communication points for virtual team

#### Finance

- Establish a budget for first 90 days
- Find an investor

#### Marketing

- Create a logo and brand
- Marketing strategy

2) **Know your timing.** Now that you have your list of priorities (to the best of your knowledge), when do you need them? Take your best guess at when you need to have each item in place in terms of weeks. You can't do everything at once and some things must be in place before other things can happen. If this part of the exercise leads to questions, then jot them down - but still make your best educated guess.

Maybe the partial list above looks like:

#### Management

- Complete business plan - 4 weeks (do I need this before doing anything else?)
- Find content editor - 6 weeks (how much does this person need from me before they can start?)
- Establish common communication point for virtual team - 2 weeks

#### Finance

- Create a budget for first 90 days - 2 weeks (can I find templates for this?)
- Find an investor - 10 weeks (is that practical given that I won't have the business plan done until week 4?)

#### Marketing

- Create a logo and brand - 6 weeks (or can this really wait much longer?)
- Marketing strategy - 4 weeks (draft should go into my business plan)

**3) Know the specifics, including importance, of each business item.** The questions you created in the previous step are a great place to start researching. You can and should draw upon the Cheap Revolution to research each of the areas to better understand the timing and the details. The wonderful thing about the Internet is that you can find information on just about anything using standard search engines. I recommend that you find some good articles describing the activities - including dos and don'ts - before hiring virtual team members or downloading software frameworks to help you solve your problem. Look for reviews and summaries that some bloggers might carry on a particular topic comparing different vendors, services, or software modules. In addition, you can find resource specific sites like those we list in our [Cheap Zone](#). For example, how important is your branding at this stage of the planning game? You should also research what things need to be in place for each of your priorities to take place. For example, what is the relationship between your business plan and investors? What else is important for getting investors?

Now you can rank your list according to importance - low, medium, high, essential . As we'll see shortly, this is going to inform your ability to leverage the Cheap Revolution.

**4) Know what you don't know!** After going through this exercise, you should have a strong sense of what you understand and where you have big question marks. You need to find some outside advisors with "been there, done that" experience who can provide you with guidance on your lists. The work you've done in steps 1-3 will be essential inputs into those questions. If you have to pay for these advisors, make sure that you define specifically what you'll get for a fixed amount of dollars. However, this is an ideal time to engage a resource like a Small Business Development Center or S.C.O.R.E (retired execs who advise startups). Once you've reviewed your plans with them, you should have a much stronger sense of the relative priorities and where you still need specialized assistance.

After you've completed these four steps, you can better assess how to use Different Kinds of Cheap. As part of your research, you'll likely draw heavily upon the first type of Cheap (books, articles, templates - see previous blog entry for more details). Now you can decide whether you want to use Open Source technologies, freelancers, packaged business services or specialists. The specialists might be necessary for key components of your business, but they should be used sparingly - with fixed budgets and fixed, well-defined deliverables.

In a future post in this blog-book, we'll discuss how best to traverse these six areas in a lot more detail. There are specific questions that you can ask about each area of management, marketing, product/technology, etc. which refines this process. However, these four steps lay important groundwork and can be used by anyone eager to get started now!