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***7 STEPS TO
LEAVING THE RAT
RACE - FREE
YOURSELF FROM
THE 9-5 GRIND***

By Ajay Ahuja BSc ACA

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Introduction

I left my fulltime job 4 years ago at age 27. At the time I had no strategy of how I was going to quit all I knew was that I'd had enough at work. However, with hindsight I did have a strategy but it was not quite a conscious one. The strategy was simple as you will find out but for the strategy to work you need to have these 3 key attributes:

COURAGE MOTIVATION FORESIGHT

COURAGE - I think leaving my job was the bravest thing I have ever done. Not only did I have a job, I had a *career*. A career with one of the most prestigious accountancy firms in the world, Deloitte & Touche. I was earning £30k+ which at the time was not bad for a 27 year old. My family were very proud of me working for this firm and amongst my peers I was considered a success. However inside I felt like a failure. A failure to myself. I was clearly doing something that I didn't want to do.

So you can guess their reaction when I said I was going to leave my safe, secure, well paid job - "you must be mad!" Not mad, but brave. Brave enough to do what most people are scared to do, brave enough to try to do things my way and brave enough to forego life's little luxuries and to expect no less than 100% effort from myself.

It is likely that you will not get much support from the people around you if and when you decide to leave your job. Its not because they are malicious or anything. They will just be scared for you. This is why YOU need to be courageous. You will *never* be 100% sure that leaving your job is the right thing to do and the people around you will only further erode your confidence. If you are looking for certainties then leaving your job will always remain a dream.

MOTIVATION – A successful business will not land in your lap! I've sat down and come up with over a 100 business ideas, implemented about 10 of them and

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succeeded with only a few of them. Its no good just coming up with an idea. You have to believe in the idea and take it to the next level. You need to know whether the idea will work and the only way of finding out is to actually implement it. This all requires effort!

I'm sure you've heard half-baked business ideas from people claiming that they're guaranteed to work. Well if they were guaranteed why don't they do it! Its easy to say "I don't have the time" or "I don't have the money" but if it was such a good idea you'll find the time or get the finance. The reason they don't do anything about it is because they are LAZY!

Now I'm no brain of Britain but the beauty of business is that you don't have to be! It's the laws of probability. If you try enough times you will succeed. But to try takes effort. I've come up with some good ideas and some really stupid ideas. I didn't know whether they were good or stupid until I had chatted with people and/or implemented them. With hindsight I would never have bothered with some of them!

FORESIGHT – Now I'm not asking you to predict the future as this is impossible. What I'm asking you is to *think* about the future. You need to have some idea of where you want to be. Having a mental picture of where you want to be tomorrow, next week, next month, next year and next millennium! Having this picture then helps you determine your actions.

When I left work my goal was to replace my salary with my self-employment work. I knew I wanted to earn £1,700 per month within 3 years. I wanted this income without me having to do too much so I chose property investment. I refined my strategy so I could earn my target income. Within a year I got my target income. I was able to think about what I wanted, when I wanted it, how involved I wanted to be and what I was willing to do. I used my powers of foresight that we are all capable of using to help me determine what, when and how. Armed with these thoughts made it a lot easier to get what I wanted as I knew what I was aiming for!

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My Previous Working Life

I met some great people at work who I would never of met if I didn't work and I am grateful for that. I received some great training from my employer and I am grateful for that also. But apart from that I don't think I received much else. Now its not my employer's fault. They were good employers. It was my attitude. I didn't want anything else. That was because I wanted things outside of work but I couldn't get to them because I was at work!

I'll let you inside my head for a day when I was at work:

8.30: [alarm clock goes off], oh no, don't think I can get up. I think I'll grab another 5 mins sleep.

8.35: Shall I call in sick? I can't. I've already called in sick 2 weeks ago. My manager will be on my case if I do another sickie. My last excuse was pretty poor last time as well.

8.37: I suppose I'll have to get up. Just another 5 mins sleep though. I can get in 5 minutes late today. I was on time yesterday. They won't mind.

8.42: Just another 3 mins sleep. I'll get ready faster.

8.50: oh no its 8.50! got to get up. Got to be in work for 9.00. I'm going to be really late. Hope there's not too much traffic.

9.00: [get in car] Damn. There is traffic! I'm going to be so late. I'll blame it on the traffic if anyone asks. I wish all the other cars on the road would disappear!

9.20: [arrive at office] I hope my manager doesn't see me stroll in at this time. It's going to be so embarrassing walking in this late. I'll just walk in as if it wasn't my fault. Oh no. My manager is in! And he can see me walking in. Just say hello to him and then get to my desk.

11.00: Its only one and a half hours to go to lunch. Can't wait. I've got so many things to do in my lunch break. I just need to get all the things on my list done in my lunch hour. And I'm starving because I didn't have time for breakfast.

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12.00: only half an hour to go.....

12.30: hooray! Lunch is here and half of the working day is over. I'll have to get my skates on because I've got so much to do – and I've only got 1 hour to do it.

1.40: oh no late again. I'm glad my manager isn't here to see me come in late.

3.00: Its nearly time to go home. Two hours to go.....

3.30: I'm so bored with work. Work is boring. I wish it was 5.00pm.

4.30: Its nearly home time. I'll do my last burst of work and then get ready to go.

4.50: Come on 5 o'clock! I won't leave yet – I don't want to be the last to arrive and the first to go.

5.00: I can't go at 5.00. Its too obvious that I'm clock watching. I'll wait 10 mins.

5.05: Oh sod it. I'm going to go now. At least I wasn't the first to leave.

5.07: Ah, relief, I'm free.

5.10: Damn. Traffic again! I wish everyone would get out of the way (again!)

5.40: I've got 5 hours now to do what I want. I think I'll have a drink with my pals.

7.30: [After dinner] I've got 3 hours to enjoy myself because I've got to be up in the morning and I don't want to be late.

8.30: [Arrive at pub] Only 2 hours left of enjoyment. I wish I didn't have to go in to work tomorrow.

10.30: I don't want to go home. Some are going on to a club. I think I'm going to go. I'll just get less sleep. But I will get up because I can't afford to be late again!

12.30: Its really late. I'm so going to regret this in the morning.

01.30: [Settle down to bed] I am a silly boy. There was no need to go out and stay out so late! I hope I get up in the morning.....

My life seemed to be regulated by time. I was controlled by it. I was a slave to the clock. Everything I did was tainted by the fact that I had to be in for work at 9.00am and I could not do anything else for the 8 hours that followed – 5 days a week! My Friday afternoons were heightened by Friday nights. My Sunday afternoons were blighted by Monday mornings.

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Now you might recognise some or all of these inner thoughts. Do not be ashamed of these thoughts. Man was not built to be regulated by time. If you were then you would be called a machine not a human. Being regulated by time so rigidly is contrary to how a mind flourishes. Flashes of genius do not come out when you set out to do so. They come out when the mind is free. Free from the chains of regularity and rigidity.

Through my work I meet a lot of employed people all looking for a way out of employment. They tell me of similar thoughts and feelings and they just can't take it anymore. But its no good saying you want to quit but still want the lifestyle that your salary brings. You need to sacrifice, change, get inspired but more importantly – **WORK HARD!** I hope this book will act as a catalyst to create these sacrifices, changes and inspirations but for this whole formula to work I do need a little bit of effort from you. I hope I can rely on this from you.

My Life Now

The lifestyle I have now is worth more to me than money can buy – even though it makes me more money than any employment could ever give me! I wake up when I want and I go to bed when I want and in between I do whatever I want! Its as simple as that. Everyday is a Saturday. My life is similar to what I used to do on a Saturday but replicated every day. Some days I will work and other days I won't. Its like when you set aside the weekend to do some DIY work, wash the car, fix the bike etc. and you do it because you want to do it. You work to your own time and take breaks when you want to.

Ironically I work harder now than when I was employed. This is because I love my work and the line between work and pleasure is very blurred. I find myself researching things out of my own interest that become very relevant to my work. Writing this book and sharing my knowledge is an interest of mine. It just so happens that writing books falls under the definition of work!

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Here are some other lives. These are people I actually know. See if you can identify with any of them.

Brian

Brian has a well respected job for a venture capitalist company in London. He earns £45,000 a year and works a 50 hour week minimum. He has just met the girl of his dreams near where he lives who he thinks he could marry but then gets told by his employer that he's got to go to South Africa for two years. They offer him £70,000 US \$ tax free as a salary and living expenses which he finds difficult to say no to. They offer to pay for flights every weekend for him to come back so he accepts.

In this scenario he gets to earn £70,000 US \$ tax free, equating to around £45,000 take home. He ends up spending his week in a country that he has no ties to, away from his friends and family and from the girl of his dreams. He spends all week working, some of the weekend travelling to and from and the rest preparing for work and getting back to the airport – what a life! Okay he gets to save a significant chunk of what he earns but is it really worth the sacrifice he makes?

If his intention is to save his salary and invest it in a business then yes. If his intention is to use it as a deposit for a home then no! Lets say he does use it as a deposit for a home then he has just bought himself a liability – not an asset. People may tell you a property is an asset but its only an asset if it generates income like RENT! If he buys a home to live in then he has to maintain a mortgage payment for the next 25 years. This could mean that he will have to remain a slave to corporate life and be at the mercy of his employer for at least 25 years. This is why people remain at work for longer than they wish – because liabilities are bought under the disguise of an asset.

Arnie



Arnie works for a large successful solicitor firm. He's worked his way up to one below partner level. He's happy where he is. He's high up enough to choose his own cases but not troubled with the overall performance of the law firm as he's not a partner. However the other partners of the firm are far from happy. They think either Arnie moves up or gets the hell out! Arnie is then stuck between being either taking on a position that he doesn't want (although it being very highly paid) or leaving his job. Forced in that scenario he takes the job he doesn't want.

Arnie now finds his work load increased, his responsibility increased and his social time decreased! He has been forced in to something he doesn't want even though his pay has significantly increased. This helps us understand the diminishing returns of money. He earned £95k pa quite comfortably. He now will earn £180k pa but have even less time for himself. Suddenly leisure time becomes a more valued commodity that an £85k pay off doesn't compensate.

John

John, 32, is an investment banker earning £50,000 a year. His boss and his boss' bosses earn significantly more. Many of them earn greater than £200,000 per year. John knows that if he stays within the firm he will earn this too. It may be in 3 years or it may be in 10 years time but he is confident that he will get it at some point. However, he realises that he's not getting any younger. Many of his friends outside of work are earning in excess of £200,000 already from running their own business. Five years ago John was considered a success and at the top of the pile. Now compared to his friends he was bottom of the pile. John was finding it difficult to get in to work and stay motivated as he knew he could do what his friends have done.

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Mandy

Mandy worked at a Housing Association. She found tenants, collected rent and evicted tenants if they didn't pay up. She was very good at her job. In fact she was so good that the rent she was able to collect compared to the maximum potential rent possible was 99%! So void and bad debt expenses were kept to an extremely low level.

Mandy made her employer very cash rich but not Mandy herself! But Mandy was not stupid. She set up Landlord Income Services which was a business that focused on the eviction of tenants. Its her first year of business and she hopes to clear £10,000 profit – and this was done all in her spare time. She may be able to go full time in 2 years and make herself an income of what she's worth.

David

David is self-employed property investor. He has a target of £2,000 monthly income. So he knows that he has to buy 20 properties to provide him with £100 per month profit per property equating to £2,000 per month. So David acquires these properties with the full expectation of receiving £2,000 per month. What David doesn't budget for is the tenants not paying him! So his £2,000 per month target soon turns to an irregular income of £3,000 loss one month to a £1,500 profit for another. With David living in London, in a flat costing him £800 per month and running a BMW it doesn't take him long to realise that he's heading for bankruptcy.

What David hasn't done is control his fixed costs of living and be prudent (and realistic!) of his likely income. He has to either reduce his costs of living by ditching the flat and the BMW, have better credit control or expand and buy even more properties to lower the overall risk of non-payment of rent.

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Anna

Anna told me that she was so good at their job that they didn't even have to try! I asked her how good would she be if she really tried at something. She looked at me confused. I don't think that it ever crossed her mind to really give something her all. So I asked her what she would do as a vocation if money was no object. She said she'd love to run her own restaurant but I don't have any money to start it off. I asked her if she knew much about the restaurant business. She didn't. I asked her if she had considered working in a restaurant. She said NO WAY. She then protested that she is a professional, with a batchelors degree and a masters degree. So I asked her what had these degrees got her. She said a professional job paying £33,000 p.a. that doesn't even require much effort from her.

If Anna could step back and look at herself she would realise that she is doing a job that she doesn't want to do, clinging on to her status and not doing a job that she really wants to do. She has now subsequently left this job to go travelling around the world for 6 months. I hope she comes back with the intention of doing what she wants to do rather than what's expected of her.

Sonia

Sonia worked at a major telecommunications company but was fed up working in an environment of threatened redundancy at all times. Instead she took voluntary redundancy and decided to pursue her passion of life coaching. She got trained up, got some business cards and a website and got out there promoting her business. She used herself as the best marketing tool for her business. Her rationale being that the procedure of choosing a life coach will be based on whether that life coach's life is sorted or not. Because she was pursuing her passion it wasn't difficult to see that she was sorted! As a result, in one year, she amassed over 20 clients and several links with other businesses providing further introductions. By the way her website is www.one2onelifecoaching.co.uk if you're interested!

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My Auntie

If you want to know what its like to never take a financial risk then look at my Auntie. We all love our Aunties I'm sure but my Auntie's lifestyle disappoints me considering she worked for 40 years. To her, the thought of losing even £1 of her hard earned cash through an investment was too painful for her. As a result she never made an investment and would be living on a basic state pension of £263 per month if it wasn't for her children. This fear of making an investment, the potential to lose money, had not been thought out properly as she thought only of the downside. I am thankful that her pessimism didn't rub off on to me. My Uncle is a heavy gambler which means he takes extreme risks and I'm glad I didn't take on his optimism also!

Do you recognise any of these situations? May be your situation is worse?
Hopefully my lifestyle has wetted your appetite to free yourself from the rat race. So lets start with Step 1 – Wake Up!



STEP 1 – WAKE UP!

EVALUATING WHERE YOU ARE NOW AND WHERE YOU'LL END UP

Where are you now? Well I suspect if you have bought this book you're probably employed, working hours that do not suit and not earning enough. However, this maybe an over simplification of your situation and not all of it may be true. What you need to do is to evaluate exactly where you are now. If you know where you are now then you'll have some idea of where you will be. Based on this evaluation you can truly decide whether you like where you're at and where you're going.

Now I'm not going to ask you whether you good at working with people, innovative, confident, self-motivated or anything else as cheesy as that. These questions are impossible to answer as they are your own opinions about yourself and they're bound to be biased. But even more important is that the answers are IRRELEVANT! If you do decide to go in to business then these skills will come out without a doubt – you have no choice! When I started in business I was concerned that I was timid in negotiations. 4 years on I'm far from it. If I now felt that I was being pushed in to a deal that was no good I would clearly say so. I'm not going to sign a deal that threatens my business thus threaten my lifestyle no matter how many people I would upset.

So how do we evaluate where we are now? Quite simply we look at the pros and cons of being employed. Let's start with the good news (if we can call it that!) – the pros of being employed.

The Pros Of Being Employed

Pro	Why	Food For Thought
Regular Fixed Income	You receive a fixed salary at the end of the week or month regardless of your input level.	When you got your first pay cheque you probably had some idea what you were going to do with it. I



	<p>There is little or no risk. The only real risk is being made redundant or getting fired.</p> <p>With this regular income you can take on fixed costs of living which then determine your lifestyle. Things such as houses, cars, clothes, going out and hobbies determine your lifestyle.</p>	<p>imagine it was something similar to what other people do and have done with their pay cheques – spend it! It was your first chance to prove to the world that you were a normal working individual. You had a job and you could afford to do things like what other people did that had jobs. This lifestyle soon takes over and becomes the reason why you work. It is then impossible to leave work as you become a slave to this lifestyle.</p> <p>Is this regular income enough? Okay its relatively risk free, but is it what your worth? Can this income ever rise to be what your worth? Can you do all the things you want to with your current or projected salary?</p> <p>How long will this regular income last? Maybe your firm is in financial trouble and is looking to make redundancies?</p>
<p>Separation</p>	<p>Work life and out-of-work life, in theory, can be separate. When the working day ends</p>	<p>Should there be a distinction between the two lives? Wouldn't it be more sane to have one life</p>



	<p>your work commitments end and you can focus on your out-of-work life. You need not to worry if some trouble hits your employer as there will always be someone else to deal with it.</p>	<p>rather than two? There is then no need for two personas. You can then be assured of who you are all of the time.</p> <p>Does it serve you any purpose of separating these two lives and having one superior to the other? Just because it turns 5pm should you end your working day?</p> <p>Separation, invariably, is not the case. If you have an over-bearing boss, a heavy workload or job insecurity then work life does seem to taint your out-of-work life and an overlap occurs. Would it not be more beneficial for your working life and your social life to be blurred? That is to say that working is socialising and socialising is working?</p>
<p>Enjoyment</p>	<p>Working for your current employer puts you in situations that you enjoy that you wouldn't get to do otherwise such as working with children, animals etc.</p>	<p>You may enjoy your job but your ability to choose your hours are limited and the salary might not be enough.</p> <p>If you do enjoy your job then this can be a great starting point for</p>



		<p>ideas for your new business. You may find that even though you forego certain situations, other equally enjoyable situations present themselves due to you entering an industry that you enjoy.</p> <p>Why not set up as a competitor to your employer! I know of several people who have done just that. They enjoyed the job that they did, left their employer and set up as a direct competitor – and won!</p>
<p>Status</p>	<p>With your job comes a certain status in society which helps contribute to your self-esteem such as a lawyer, doctor etc.</p>	<p>You may enjoy the status the job brings but your ability to choose your hours are limited and the salary might not be enough.</p> <p>Personally I think status is all about self-importance. People work so hard to acquire status so as a result they rely on it to make themselves feel better about themselves and compared to others. Once you forget about what others think of you and you focus on yourself and what's right for you then the importance of status diminishes to nothing.</p>



Social	Your job exposes you to a wide variety of people or certain types of people who you enjoy to meet and form part of your social circle.	<p>Nothing stops you meeting these people out of work. You can always maintain your existing network of friends and build new networks through your existing friends. If you are a sociable person anyway then meeting new people shouldn't be a problem.</p> <p>However, you may find that through self-employment you tend towards different people compared to when you was employed. Your attitudes will change and your existing network of friends might not change with you.</p>
Education	You may benefit from training and education that is very valuable. Some employers spend a lot of money training up individuals so that they are more informed and hence better at their job. These skills are transferable and really help to boost your CV.	Some of the best training you'll ever receive is through experience. Experience is unconscious learning and is easier to digest. Through self employment you will find yourself in situations that no text book will have the answers. These experiences will be more valuable than any training programme!

Now look at these pros. How many are applicable to you? Are these pros sufficient to keep you in employment? Before you answer the last question compare your pros with the cons of being employed. See below.



The Cons Of Being Employed

Con	Why	Food For Thought
Your time is not yours	<p>You have to be in work at the hours dictated to you by your employer. If you are fortunate to be able to work flexi-time you still have to work a certain number of hours every week.</p> <p>You are expected to get to your place of work at a certain time regardless of whatever you did last night or want to do in the day. You are expected to stay at this place of work for a set number of hours regardless. If you need to be home for whatever reason its not your employer's problem – and nor should it be! Your employer pays you a wage so that you are there to take their orders during their specified work hours.</p>	<p>This is the single and most important reason why I left work and is essentially the title of this book. Its not about the money, as money can only be spent, its about time, which spent wisely can be precious.</p> <p>If you work a 40 hour week, take an hour to get ready for work and commute for one hour each way then work takes up 60 hours per week. This equates to over half your waking hours for one week! And usually at the end of the day you're too knackered to do anything else! If you do overtime then this statistic gets even worse.</p> <p>Were you put on this planet to live two days a week – Saturday & Sunday? Or would you like to work when you want? Would you like to dictate your own hours rather than someone else do it for you? Would</p>



		<p>you like to do things while other people are at work?</p> <p>I never go shopping on a Saturday. I go in the week when the queues are small or non-existent, you can find a parking space and you can get there without getting stuck in a traffic jam.</p>
<p>Minimum retirement age is 60</p>	<p>In order to draw your pension you have to be aged 60 or over. So if you have no outside source of income other than your salary then your pension is all you've got to look forward to.</p> <p>If you have financial commitments (which is likely) then you will either need a salary or a pension, hence you cannot afford to truly retire till age 60 or over.</p>	<p>What a thought! I do not even know whether I will reach the age of 60 and nor do you (unless you're over 60 now!). You may die never knowing what its truly like to not have to work to live.</p> <p>Do you want to work till at least age 60? Do you have ideas or things you want to achieve before you're too old? Is the concept of working for the next 30 years too overwhelming? It's a big world out there and knowing you spent half your life in an office building, shop or factory may leave you feeling a little bit hollow.</p> <p>You may even have to work beyond 60 if your pension fund is not big</p>



		<p>enough to provide for you. Age 60 is only a minimum!</p>
<p>Retirement income is unknown</p>	<p>Unless you have a very expensive defined benefit pension policy because you are a company director (which is being phased out now) you will have no idea what your pension will be. It will fall within a wide range but your pension depends on the performance of the stock market and the annuity rates being offered at the time. Neither of these will be known at the time of retirement.</p>	<p>How can you plan for retirement if you do not know how much you will have to spend? It can be very unnerving not knowing whether you will simply have enough especially when Pension Companies have performed so badly.</p> <p>Owning a business opens up other opportunities to providing you with a defined retirement income such as non-executive directorships, consultancy, licences & royalties, part sale deals, complete liquidation and much more. If you do go into business you will find out all about these opportunities in good time!</p>
<p>Effort does not always equal reward</p>	<p>Your salary is largely fixed. You may receive bonuses but the bonus will be a fraction of your salary and may be dependent on the performance of others which you have no control over.</p>	<p>Wouldn't it be nice to know exactly all of your effort directly benefits you? Personally I think this is how people operate when it comes to work. He will work hardest when he know he will get <i>all</i> the benefits from his effort.</p>



<p>So it does not matter how much effort you put in, your reward, being salary, will never mirror your effort. Your reward will fit within a predefined scale set with maximums and minimums and will also rely on the performance of your peers.</p> <p>Recognition of work is also difficult. If you have an all-the-glory boss who loves to take all the credit of the team or you are only one out of many in a team that has done well, then direct assignment of credit can be blurred.</p> <p>More often than not it's the more popular members as opposed to the harder working members of the team that get the credit – how unfair!</p>	<p>Employees will largely fall in to one of two categories:</p> <ol style="list-style-type: none">1. Driven – employees working beyond their strict duties because of the promise of promotion or more pay.2. Work Shy – employees that will do the least to keep their job as they are de-motivated. De-motivated due to lack of interest for the job or promotional prospects, wanting to do other things (like me!) or simply lazy to move job. <p>Employees start off as driven, turn to work shy and then move job. They then repeat this process for the duration of their working life never finding their true vocation. Do you find yourself changing jobs every 2, 3 or 5 years? Do you find yourself jumping into a job that you think will be interesting and finding out that the same old original feelings surface?</p>
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<p>You will never be rich!</p>	<p>If you looked at this years Sunday Times Rich List 1,000 you will not find one single employee as an entry. Okay, they might be the CEO or chairman of a company which is technically an employee, but their wealth is derived from the <i>ownership</i> of the company rather than from their salary. The rich own businesses and the poor work for businesses – its as simple as that.</p> <p>But I'm not only talking money here. You will never be rich with time, which for me, was my main motivation for becoming self-employed. The abundance of money has diminishing returns. Once you've bought your first Bentley the second and third have less importance. But time spent with your children or nieces/nephews are priceless.</p>	<p>There is no limit to what you can earn from being self-employed. However, there is a limit to what you can earn being employed. It's quite disheartening to know that the only way you can be rich is by winning the lottery.</p> <p>Even if you do earn or have the capacity to earn large sums of money it will only last as long as you work there. You may only experience a high salary for a few years before you have to retire or the market changes. If you do well in business and set things up properly then the large sums can continue indefinitely – whether you do the work or not!</p>
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You cannot choose who you work with

I think we've all come across this one! You may have a boss or colleague who is brilliant at what they do but you simply don't get on with them. It could be a personality clash, a cultural difference or opposite working styles. Whatever it is - you cant stand them! The problem is there is nothing you can do about it.

This reason alone can cause a lot of stress. Having an overbearing boss who is always in your face, giving you impossible deadlines to meet and never appreciating your work can make you feel quite low.

Do you have feelings of hatred to any of your colleagues? Having these intense feelings will only take from you. Wouldn't it be better to surround yourself with people you like being around ALL of the time?

You can choose who you work with or do business with if you are self-employed. There is no need for you to 'put on a face' for someone you don't like as you have no need to speak to that person. You will find that you will become a 'straight talker' as a result because there will be no need to do otherwise.

When I started in business I had a few contacts that were a bit rude and condescending to me. It was probably because I was younger than them and they thought they knew better. I simply refused to do business with them. Because money was not the motivation, but freedom was, I was confident enough to say to myself that there is no need for these people to be in my life.

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<p>You will always be under someone else's control</p>	<p>Unless you're the CEO or chairman then there is always someone above you. So if they decide that they want you to work out of your area then that is their choice not yours. If they want you to change department then that is their choice also – and so it should be as they pay your wages!</p> <p>You may think you have control as your position as manager but the reality is something else. Your promotion, pay, benefits and authority levels are all set from above which you have no say so.</p>	<p>If you are happy to take orders from someone else then you are merely a slave, happy to accept orders in exchange for a pittance.</p> <p>I found the whole concept of work like being back at school. It seems very patronising for someone else to tell you when you should be working and checking that you stick to <i>their</i> regime.</p>
<p>You will always have job insecurity</p>	<p>There is no such thing as a job for life. We live in a cut throat business environment where employers will make redundancies if it makes economic sense.</p> <p>Ironically, having a job is more risky than having a business</p>	<p>You will have a better idea of your security if you know everything about the business. The only way for you to know everything about the business is to make sure you own the business!</p> <p>If you remain focused in business then you can ensure that you will</p>



	<p>as the employees are the first to go. If a business is facing financial trouble or its more effective to out-source then they will get rid of you. If you own a business then no one can get rid of you because its yours! Now I'm not saying that you won't get in to financial trouble but if you do then the first to go will be your employees and not you.</p>	<p>always be self-employed. Step 7 deals with not only how to build your position but also how to <i>maintain</i> your position so that you never go back to employment.</p>
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Prediction

So you know the pros, you know the cons – is it worth staying employed? I'll make a guess of where you'll be in the future if you carry on this path of employment:

Prediction	Reason	In Summary
Comfortable	<p>Comfortable – what an awful place to be! You will be seeing others achieve more, you will want more but you are too scared to lose your comfortableness so you stay there - never knowing what its really like to be motivated by your own personal goals but motivated only by fear.</p>	<p>Resentful,</p> <p>Unhappy,</p> <p>Stressed &</p>

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Under-paid	You will always think you are worth more. This feeling will never go away. Because you are paid for the hours you do rather than the deals you make, no amount of money can compensate for having to turn up for work when your employer says so.	Tired
Under-rewarded	The reward of money is usually not enough to make you feel good for the hours you put in. Recognition for your work <i>all of the time</i> is also very important because its <i>your</i> work. Recognition for all of your work will mostly be lost in the system.	
Over-worked	As you get older your time becomes more precious. Responsibilities grow the longer you stay in a job thus your employer will expect you to work even harder.	
Insecure of your job	You will never be secure of your job as secure jobs do not exist. So this feeling will always remain.	
Missing out	Because of the time demands that your job brings you will always miss out on certain things. As you have been	



	working for a while you have just got used to missing out.	
Powerless	You will always feel that you are unheard and that your opinion doesn't carry much weight. You're fed up with making recommendations and it falling on deaf ears.	

Now you may think this is a bit extreme. You may only identify with some of what I've said above and that's okay. What I hope this chapter has done so far is to force you to think about where you really are now. I don't know where you are now because I don't know you! Are you heading in the direction you want to go or are you a little bit lost and wondering why you were put here on earth?

Take time out to really think if what you are doing is meeting all your needs now and will continue to do so in the future. If it does then stay where you are. If it doesn't then change! To help you change I'll tell you the pros and cons of being self-employed. I hope this list will wet your appetite and create the desire to change.

The Pros & Cons Of Being Self-Employed

In part, the pros and cons of self-employment are a reversal of the pros and cons of employment. But there are others. Lets look at the reversal in summary and then look at the others.

Pro	Why It's a Pro
Your time is yours	No one is there to tell you when to work apart from you. If you want to work late or get to work early then that is your

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	choice. If you want to work from 9pm – 5am rather than 9am – 5pm then do so! If you don't want to work that day then don't!
No minimum retirement age	If you do well in business then you can sell up or step down and let your business pay for your retirement. There is no law stopping you spending your profits for doing nothing – even if you are only 21!
Retirement income can be predicted	Again, if you have done well, you would have explored all the options available to you to ensure a guaranteed income from your business to keep you in retirement.
Effort does always equal reward	If you do nothing you'll receive nothing. If you do something you'll receive something. But whatever you do you can be assured that you will receive 100% of the benefits flowing from your effort.
You can be rich!	There is no law to say that you cannot earn £1 trillion a year. There are no limits. The only thing that limits you - is YOU!
You can choose who you work with	If its your business then you decide who you deal with and who you employ. You have 100% control over who enters your life.
You will never be under someone else's control	Of course not – its your business. Where you decide to surround yourself in whatever markets will be solely your choice. It's a highly responsible position to be in as this determines the success of the business.
You will always have job security	Step 7 'Build & Maintain Position' deals with this in more detail.
Con	Why Its NOT a Con

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Irregular Income	Its true that your income will be irregular. Hopefully you will adopt step 3 and prepare for this. This will mean that you will minimise your fixed costs of living so that you can weather the bad times. Once you are through these times then having an irregular income of £10k one month to £30k the next won't be such a problem!
No Separation	Who needs separation? Why not have a life that is not split between work life and social life? If you're interested in something – turn it in to a business!
No Enjoyment	If you will miss the enjoyment you got from your job then look to do a business that is similar or that is in the supply chain of this environment. If you can't manage that then look for something that you think you will enjoy. To ensure success you must have an interest in the product/service you are selling – I don't have to tell you this!
Loss Of Status	Status means absolutely nothing! Okay it may get you a table in a restaurant but is it really worth working 40+ hours a week for this privilege?
Lack Of Social Contact	If your time is yours then its up to you to maintain social contact. At least you can socialise with the people you want to socialise with.
No Formal Education	The best education is experience. I have had the best training in life from college, university and my accountancy firm but it doesn't compare to the real life experiences I have had in setting up my business.

So these are the reversals but here are the others which I have found through experience. It is not a complete list as I have only been self-employed for 4 years. I am sure there are more.

The Others

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Con	Why	Food For Thought
Administration	<p>People think there is so much red tape in running a business – and they're right! But the admin grows with the business. The more trade you do the more paperwork. However, it's a small price to pay for the increased business.</p>	<p>If your business does well then you can hire someone to do the admin. Okay you do have to do everything when you start a business but if your business grows then you can pay someone to do all the things you don't want to!</p>
Tax	<p>People become so focused on how to avoid tax rather than focusing on how to make a profit. Remember that only profits are taxed, so firstly make a profit then worry about tax.</p>	<p>Self-employed people are subject to the same income tax rules as employed. Okay its done for you by your employer if you are employed but the amount you pay is the same for employed as well as self-employed.</p>
Responsibility	<p>Yes you do have to be responsible – but do you have a problem with this? Being responsible is part of being an adult so get used to it and grow up!</p>	<p>Its easy to delegate responsibility when your employed – 'it's the employers problem'. However, there is a lot of personal reward to be had knowing that the buck stops with you. When things go right then you know you deserve full credit. When things go wrong you learn very important lessons that no course or training program could ever teach you.</p>

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<p>Jealousy</p>	<p>If you do start your own business and have a degree of success then you will get jealousy from some – its only natural. You simply have to be thick skinned. Being self-employed teaches you a lot about how to ignore negativity and just get on with things.</p>	<p>Don't repeat the mantra – 'well if they're jealous then they weren't friends in the first place'. Becoming self-employed is not just hard for you but for others around you also.</p>
<p>Apathy</p>	<p>Its completely normal that when you become your own boss that you have bouts of apathy. I went through it. But if you are determined to make your business work then you will ensure that they are only bouts and not for long periods of time.</p>	<p>It is your right to do nothing if you do not want to. But if you have set goals within you business plan then you will not allow yourself to do this. Apathy comes from when you don't have to do things – and this is one of the perks of being self-employed!</p>
<p>Pro</p>	<p>Why</p>	<p>Food For Thought</p>
<p>Prefer to invest rather than spend</p>	<p>When you enter in to the business world you understand that every £1 you have could either:</p> <ol style="list-style-type: none"> 1. Buy you something you want now, or 2. Buy you something you want that's even 	<p>Do the things you actually buy make you feel better about yourself? Would it not be better knowing that your time is more important than any material good? Is it not better to invest in businesses knowing that you will have more time for yourself, your family and friends?</p>

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	<p>better at a later date if you invest it</p> <p>Knowing this means that you intrinsically spend more carefully, investing the rest, so that you can acquire things that you never thought possible.</p>	
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Now I know I have made a serious attack on being employed. You may think it is harsh. If I had been reading this while I was employed I would of immediately defended myself and said 'I enjoy my job, I get to meet people, I get well paid, I have status.....' because this is normal. But see what I'm saying as an attack. Really think through what the hell you are doing and where you're going to end up! What your employer is offering you does not compensate for what you forego. It is only this working culture in this country that keeps you in employment because you know of nothing else.

Okay, so now I have really rubbished what you and others are currently doing but it gets even worse. Step 2 is 'Live Like A Pauper'. For you to succeed you have to prepare yourself for self-employment and this means going without. Not for a long time but for a time for you to get established in business. So lets get prepared.....

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STEP 2 – LIVE LIKE A PAUPER

HOW TO MINIMISE & MAINTAIN YOUR FIXED COSTS OF LIVING AND RAISE YOUR STARTING CAPITAL

Living Like a pauper, or a poor man, will prepare you for self-employment. Why? Well you have to do all of these three things to get in to self-employment. You have to:

1. Minimise your fixed costs of living prior to leaving your job
2. Raise your initial investment to start your own business
3. Maintain your fixed costs of living after leaving your job

To achieve all of these three things require you to live like a pauper.

1.Minimise your fixed costs of living

The most important factor in business is cash. The less cash drains you have the more likely you are to succeed. The biggest cash drain anyone has is their cost of living. If we can control that and minimise it to the bear minimum then the easier it is to survive in the initial stages of self-employment.

There are really only two core ways of minimising your fixed costs of living:

- A Going without i.e. not spending!
- B Cutting costs i.e. spending less!

A) Not Spending

I'm not going to bore you about how you should stop smoking, drinking, eating or just simply indulging. What you should do is when you get paid put a certain amount aside so you cant get at it. Put it in a separate deposit account, give it

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to a family member or put it under your mattress – what ever you do, don't spend it! What will happen is that you'll adjust to the new level of spending that you have at your disposal.

Always ask yourself – do I really *need* this item that I'm buying now or do I just *want* it? Is it a need or a want? If it's a luxury item then its probably a want. When I was setting up my business I went without. Here a some of the things that I used to buy when I was at work but went without when I was starting self-employment:

- Newspapers & Magazines
- Use of a whole flat to shared accommodation
- CDs
- Designer clothes
- Meals at restaurants
- Nights out in London visiting trendy bars and nightclubs

It was easy for me to go without. In the back of my mind I knew that if I went without now I would have in the future. This is now the case and I have a lifestyle that most will envy. I hope this inspires you. Remember, saving for a route out can be very rewarding. When you do actually save enough and start your own business the results are very immediate i.e. the labours of your scrimping and saving will result in you having enough time for your family, friends and yourself!

B) Spending Less

There are really only five things you can spend your money on:

- i) Food & Consumables
- ii) Shelter

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- iii) Travel
- iv) Entertainment & Clothing
- v) Loans & Savings Plans

Here are some tips on how to cut back on spending on each of these categories:

Spending Category	Tip	Narrative
FOOD & CONSUMABLES	Eat in rather than out	<p>Its so easy to go to down to your nearest Burger chain, Indian restaurant or Chinese take-away. There's no washing up, it tastes lovely and there is no preparation time involved.</p> <p>However, you do pay for this! I used to make myself sandwiches in the poor days. 2 slices of bread, a bit of lettuce and a chicken slice – total cost 20p! Compare this to an Indian take-away costing £7 at least. Now I'm not saying don't treat yourself. I treated myself to one Chicken Biryani from my local Indian once a week – but that was it.</p> <p>Invariably the food you will prepare at home will be healthier too. The irony is that even though I can afford to eat out every night I now choose to eat in</p>



		<p>as it is healthier. I even look forward to those chicken sandwiches now!</p>
	<p>Go round your Mums!</p>	<p>Now this may not be possible for everyone. It depends on whether she is still alive, you still see her or if you live close to her. The principle is – don't be ashamed to ask for help. My mum quite enjoyed seeing me twice a week (or sometimes more!) and likewise – there's no cooking like your mum's cooking.</p> <p>Do you have a brother, sister, nan, cousin or good friend that loves to see you? If you let them know what you are doing – trying to start your own business, then you will be surprised, they are more than willing to help.</p> <p>Do not think you are a sponger! <i>Always</i> remember people who help you get to the top. As thanks my mum now receives an income from me that is in excess of her pension and she doesn't have to do a thing!</p>
	<p>Try non-branded goods</p>	<p>If you understand how supermarkets work then you will try this. A lot of 'own brand' goods are produced by the</p>



		<p>branded good manufacturers. So sometimes the quality is the same. Now I say sometimes! I have tried some of the non-branded goods and they taste awful but there are some own-branded goods that taste as good if not better than the branded goods. So give it a try. The cost savings can be up to 50%.</p>
	<p>Buy one get one free</p>	<p>Every supermarket does this. They sell goods at no profit or even at a loss to get you through the door. You can use this to your advantage. If you have the time you can go to every major supermarket and capitalise on all of their deals. I have to admit, I never had the time to justify the cost savings. But if you have a family and you are willing to stock up then I would estimate that you can reduce your shopping bill by 40%.</p>
<p>SHELTER</p>	<p>Rent a room rather than a flat or house.</p>	<p>Having your own living space is a costly thing. It can sometimes drain your monthly income by up to 70% when you take in to account the rent, rates, bills and insurances. Why not consider lodging. I did. It cost me £55 per week and I was able to preserve</p>



		<p>the cash that I had saved. I lodged with someone for 12 months, who is now a good friend, so I could put a deposit down on my first house.</p> <p>Do you really need all that space? Could your social life receive a boost from sharing with others? If you can do this then it will have the most dramatic impact on your level of savings out of all the cost savings mentioned in this table.</p>
	Switch utilities suppliers	<p>It's a competitive market out there when it comes to supplying gas, electricity and telephone. Due to deregulation you can save up to 40% on your bills simply by switching and it is an easy thing to do!</p> <p>Look out for new tariffs for your mobile phone. Prices have only come down since there introduction and so there will always be a new tariff being introduced that will trump your existing tariff sooner or later.</p>
	Shop around for contents insurance	<p>The insurance market is a competitive one. Do not accept the premiums you have to pay just because you paid it last year. Get in contact with a good</p>



		<p>insurance broker to get you the best deal.</p> <p>Have you ever considered not getting insurance? Sometimes you can pay a hefty premium to insure not a lot – and even then you don't get a pay out when you make a claim!</p>
	<p>Consider purchasing second-hand furniture</p>	<p>What's more important to you – owning a house or owning nice furniture? If you are serious about wanting to own your own house then you will do whatever it takes to do it. This may mean sitting on a second-hand sofa, sleeping on an old bed and eating off a table that your cousin gave you!</p> <p>There are many incentives retailers are offering such as 0% finance, buy now pay later, bank holiday one off sales etc. Do not get tempted! Save the cash now – get the new furniture later. Once you've bought your flat or house then you can start thinking of furnishing it properly.</p>
TRAVEL	<p>Sell the car</p>	<p>Owning and running a car is not cheap. You've got HPI payments,</p>



		<p>insurance premiums, road tax duty, petrol & oil costs, Servicing Costs and Repairs. That's a lot of expenses! You could save a small fortune if you did sell the car.</p> <p>Do a feasibility test on the car. Work out how much you spend a month on the car and see if it is greater than if you walked, cycled, took the train or bus and took taxis. If it is - then its time to sell the car! Remember a car is a luxury item. Public transport is supposed to be getting better and providing better value for money so be brave – get rid of it!</p>
	<p>Downsize the car</p>	<p>Okay, it may not be practical to get rid of the car but how about downsizing it.</p> <ul style="list-style-type: none"> • Consider a smaller car with a smaller engine – this will cut fuel costs. • Consider a lower insurance grouped car. Even consider 3rd Party Only insurance. When was it the last time you had an accident? Statistically you are unlikely to have an accident that is your fault if you haven't



		<p>had an accident in the last 5 years.</p> <ul style="list-style-type: none"> • Maybe sell the car on HPI and buy a cheap run-around thus saving on the loan repayments. • Road Tax is reduced if by £60 per year if you drive a car less than 1.5 litre • Get the car serviced by a non-main dealer
	<p>Try walking or get a bike!</p>	<p>If you don't have a car but get buses, trains and/or taxis then consider walking or cycling. You will save on the fares <i>and</i> it will keep you fit!</p>
<p>ENTERTAINMENT & CLOTHING</p>	<p>Shop in the sales, markets and charity shops</p>	<p>One of my good friend's dad told me that he buys his winter suits in summer and his summer suits in winter. The key is to get value for money. If you're shopping in a glitzy, air conditioned, fashionable part of town then you are paying for it! All their expensive rents, rates and décor they have to pay are ultimately paid by you because they charge you a high mark up on the goods sold.</p> <p>You'll be surprised how well stocked some of the market traders are now. I still get most of my designer clothes</p>

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		from markets and superstores – not New Bond Street in London W1!
	Think about if it's a need or a want	As mentioned above you need to always ask yourself if it's a need or a want? Do you really need to see the latest releases at the cinema or can you wait a year when they hit the Sky channels? Is the latest Kylie CD single with all the mixes really necessary or can you wait for her album? Do you really need the extra pair of trousers that are half price in the sale or are you buying them because they're cheap? If you master this thought process alone then half the battle is won.
	When you go out – don't stay out late!	I find that when I stay out later I spend more. More on drinks, food, taxis and club entrances. Go home early! I'm not saying just stay out for an hour or so but try to arrive early and go home early. You'll find out that you'll come home with some cash in your pocket rather than having to revisit the cash machines on the night out and regretting it later!
	Look out for the deals bars, clubs, cinemas	The entertainment market is a highly competitive one. Virtually every



	<p>and restaurants are offering</p>	<p>evening spot has an offer going on. Take advantage of this! Look out for flyers or leaflets available at their premises. Scan the local press for a restaurant trying to drum up a bit more business. Pay close attention to the TV ads when Pizza Hut and others are doing a promotion.</p>
<p>LOANS & SAVINGS PLANS</p>	<p>Switch credit cards and loans to obtain the best deals</p>	<p>0% APR for balance transfers – sounds familiar? I’m sure you’ve heard this so many times that it no longer means anything – but it does! It means that you can save a lot of cash as you pay no interest on your borrowing. Make sure you capitalise on these deals to save you real money. But don’t just be happy with saving money – make an effort to clear these balances! You will run out of credit companies eventually so you do need to clear this type of unhealthy borrowing.</p>
	<p>Cash in or freeze payments to endowment policies and pension plans</p>	<p>Is the endowment policy you are contributing to really going to mature to its estimated value? You could cash it in, raise cash and save cash as you no longer need to contribute to it.</p>



		<p>It's the same for pension contributions. You could freeze payments which will result in an instant saving. When I used to work I was tempted to contribute to a pension. But after careful thought I realised that under no circumstances was I going to hand over any of my hard earned cash to company that would 'play' with it on the stock market, be unsure of how much I would get back and never access it until I was of retirement age.</p> <p>If you want a real pension fund then invest in property, but that's another story – or even a book!</p>
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2. Raise Your Initial Investment

Apart from saving your income that you currently earn now there are other quick ways of raising the initial investment required to start your business. How much you need to raise will depend on the business you decide to run but below is a list of inventive ways of raising cash fast. The following list ranks in order the 'cost' to you starting with the cheapest first, the cost being the effective interest rate being paid on the initial investment. BOE means current Bank Of England base rate in the list below.

Source	Cost	Narrative
Personal Assets	0%	Assets that are no longer being used but have some resale value. This may be jewellery,

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		cars, furniture, pieces of art, electrical equipment etc. The cost is nil as the assets are not being used but they could be used to realise some cash in order to invest. Look in the garage or attic - you may be surprised! Think about it like this – you’re trading in your Ford now for the Ferrari in five years time!
Savings	BOE Base Rate	You may have savings in a deposit account or cash ISA. If you use this money the cost will be the lost interest that would have been earned if you had left it in the account.
Endowment Policies or Company Shares	BOE Base Rate + 3%	<p>You could surrender an endowment policy or liquidise a current share portfolio to raise the cash. I recommend you talk to your financial adviser and stock broker before taking this action as you could be better off holding out on some of these policies or shares. But it could be time to let go of some poorly performing stocks and enter the property arena as so many of the share market investors are doing now.</p> <p>The cost of this on average is equivalent to the average return the stock market delivers. This, of course, will be different depending on the type of policy or stocks you hold. You could be better off if you do sell now as they could result in a loss in the future.</p>

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<p>Borrow from Family</p>	<p>BOE + 4%</p>	<p>You may have a family member who has cash sitting in the bank and is willing to lend it to you. You can offer them a better rate of return than any deposit account could. If he or she is a close member of the family they may lend it to you for 0%, but if you proposition a family member offering BOE+4% you might get quite a few more positive responses than expected.</p> <p>You could access your inheritance early, as many families do, to avoid inheritance tax. As long as the donator lives seven years beyond the date of the gift there is no inheritance tax to pay and is thus beneficial to both parties. A family member may be more willing to give you assets if you are proposing to invest it further rather than to just simply squander it on a new car or holiday.</p>
<p>Secured Borrowings</p>	<p>BOE+2-7%</p>	<p>To do this you must already own a property. The cheapest way to do this is to remortgage the whole property and release the equity tied up in your home. It pays to shop around. A good mortgage broker could probably beat the current rate that you are paying now and even reduce your monthly payments whilst still raising you some cash on top.</p>



		<p>The other way is to get a second charge loan where you keep your existing mortgage and borrow on the remaining equity on the house. You've probably seen the TV ads promising you a new car or holiday just from one phone call. Well forget a new car or holiday – we're going into business!</p>
<p>Unsecured Borrowings</p>	<p>BOE+2-15%</p>	<p>The cheapest way to do this is by transferring a current credit card balance to a new credit card with introductory rate offers. You draw out as much cash as you can on your current credit card and then apply for a credit card that has a low introductory rate for balance transfers until the balance is cleared. Once your new credit card has been approved you transfer your existing balance on your old credit card to the new credit card at the introductory rate, typically BOE+2%. This rate is fixed until you clear the balance.</p> <p>You may, however, not get this new credit card. The other way is to draw down the cash on your existing credit card at the credit card rate. This can be expensive but if the business has guaranteed customers lined up then you could use the cash on a short term basis, say one to two years, and use the profits to clear the credit card balance over that period.</p>



		<p>You may be able to arrange an overdraft with your bank or a personal loan at around BOE+6%. You need to speak to your bank manager.</p> <p>You can also go to other unsecured lenders but there are high arrangement fees and the interest rate can even go up to BOE+35%! You need to shop around but I would advise steering clear of anything with an interest rate higher than 25% unless you are really desperate and the business idea is a dead cert.</p>
Get a partner	Dependent	<p>The other way to raise the cash is by taking on a financial partner. This means that the financial risk is borne by the partner but you end up doing all the work. The partner will be entitled to a share of your profits and you will not be free to do what you want with the business. Equating the cost to you will depend on how successful the business is as the cost will be the share of profits made. Even though this is the most expensive way to finance a business it can also be the cheapest way if the whole project fails as your partner has taken the full financial risk. If this is the only method you can use to get into business I would still advise taking on a</p>



		partner as you will still be freeing yourself from the rat race.
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This is not an exhaustive list. You may have other good ideas for raising finance but if you can't raise the finance the project can't go ahead. It's as simple as that. I raised my initial investment by saving as much of my salary as I could. While my colleagues were spending everything they earned on high rents on apartments, expensive holidays and designer clothes I saved my money by living in one room in a shared house, holidaying in the UK and wearing unbranded clothes. After five years I live in a large detached house with swimming pool, holiday abroad three times a year and wear only designer clothes. You need patience and a medium to long-term vision if you truly desire to have enough wealth to live the lifestyle you want.

3. Maintain your fixed costs of living

In an ideal world as soon as you go in to business it will make a profit and these profits will maintain your fixed costs of living. However, we live in a less than ideal world and it is likely that you will make a loss in the first year - but your fixed costs of living still have to be met! So how do we raise this short term cash requirement? Well it can come from three sources, in the order from which to seek from:

- A) You
- B) Family & Friends
- C) Outside

Lets look at this in more detail.

Source	Sub Division	Description
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YOU	Go part-time at work	<p>Leaving the rat race could be a two stage process. If it is possible to go part-time at your current employer and implement your business in the other time then you can see how well your business does. Once your business is up and running and providing you with a satisfactory income then you can leave work completely.</p>
	Get a flexible part-time job	<p>If you can get a job that doesn't require you to be in at a certain time or can be done during hours that won't affect the setting up of your business then your fixed costs can be maintained. Examples of these type of jobs are proof reading, handcraft jobs or parcel deliveries where you get paid on success or flexible jobs where you can work for burst of periods at a time such as temping, strawberry picking or taxi driving.</p> <p>Do not get on your high horse and say these jobs are beneath you. You only have to do these type of jobs while you are setting up. Once your business takes off you can take pride in the fact that you did these jobs.</p> <p>Around three years ago, when I was setting up, I took on 2 weeks work for an accountancy firm even though I was</p>

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		<p>escaping from the rat race of an accountancy firm. But I knew this job was necessary for me to pay my bills! It was only for 2 weeks in the year and in fact I quite enjoyed my time with this firm. I got paid £100 per day which at the time was quite needed. Now I charge £100 per hour but I would of not been in this position if I had been too proud to take on this ad hoc work in the past.</p>
	<p>Get a complimentary job</p>	<p>What better way to find out what it would be like to run a business as than to go and work for that type of business. If your idea is to run a restaurant then go get a job in a restaurant! You will acquire certain insider tricks and tips and also get a real feel to what it would be like to run that type of business.</p> <p>This strategy has double benefits. It pays your bills and helps you establish whether that business is the right one for you.</p>
<p>FAMILY & FRIENDS</p>	<p>Gifted</p>	<p>As I've mentioned earlier you will be surprised by the support you may get from the people around you. Now I'm not saying go round all your family and friends with a begging bowl but if your family and social circle know of what you are doing</p>



		<p>they may well move forward certain cash gifts they were planning.</p> <p>A family member of mine gave me £5,000 in cash to invest as it was going to be left to me upon their death anyway. They equated that it was better to give it to me now rather than when they die as they knew that I needed it and that I would turn it into double that in a short period of time. In fact it can be very tax efficient if your family members do give you your cash early as you can avoid inheritance tax in certain circumstances, usually when the deceased has more than £259,000 to leave. Please seek professional advice for more detailed advice.</p>
	Loans	<p>In certain cultures, such as the Jewish and Asian cultures, it is common place to borrow off friends. Personally I have never done it even though I am Asian but if you are part of a tight knit community and you know people that trust you then why not ask? They can only say 'no!'.</p>
	Ad-hoc work	<p>Use your contacts. If you can get a family member or friend to get you a short term job in between setting up your business then get it! Its essential that you keep up</p>



		with your bills and knowing that you can get quick income by picking up the phone and doing an odd days work.
OUTSIDE	Loans	<p>This is not the most ideal way to fund your fixed costs of living but it is one way. If you are thinking of taking a loan try and get 12 months worth of your shortfall and try and pay it off over the longest period possible. This way your monthly loan repayments are kept to a minimum.</p> <p>If you can try and get a loan that does not penalise you if you pay the loan off early. This means that if your business takes off earlier than expected you can redeem the debt when you want thus saving on interest.</p>
	Overdrafts	<p>Overdrafts are more suitable as they can be paid off as and when you wish to. Apply for an overdraft facility BEFORE you leave work as they are unlikely to give you the facility once you've left work as you have no provable income. The great thing about overdrafts are that you pay interest on the balance outstanding only and on a daily basis. If the business does well at the start the overdraft can be redeemed sooner than planned.</p>



		<p>When I left work I had a £10,000 overdraft facility in place. I let it run up to around £5,000 before business picked up but I was thankful that I had such a facility.</p>
	<p>Credit Cards</p>	<p>I don't care what people say about credit cards – they are great! It's the cardholders that don't know how to use them that give them a bad name.</p> <p>One of my current credit card providers offered me £10,000 in cash at 0.7% APR for 4 months – so I took it! I will use it to fund property purchases and then redeem it in time when one of my remortgages come through.</p> <p>As long as you have a plan to repay the credit card company within a set period of time there is no other way you can beat a credit card in the speed of raising cash – precisely when you need it.</p>

As you can see from above you have to mature in the way you handle cash, be active in raising cash and be inventive when it comes to raising cash fast. This is crucial to running a business and ensuring that it survives. Many business gurus will tell you this one phrase: CASH IS KING! It doesn't really matter where the cash comes from just as long as you can pay your debts when they fall due then you remain in business. The definition of insolvency, or in other words bankruptcy, is when the debtor is unable

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to pay his or her debts in full *and* on time. So to remain in the black you always have to have access to cash – fast!

So you've learnt how to preserve, earn and raise cash – what are you going to do with it? Well you need to invest it! You need to identify what business you are going to do. Step 3 helps you to do just this.

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STEP 3 – DECIDE WHAT TO DO

IDENTIFY THE RIGHT BUSINESS FOR YOU

Identifying the right business for you might be an easy thing to do if you already have an idea. If, like most, you don't have an idea then it can be very difficult to really home in on an idea that you truly believe in. Who are you? Who you are is very important in deciding which type of business you want to get in to. *You* are the only person responsible for running *your* business. I have come up with three methods that should direct you away from certain businesses and, more importantly, direct you to a business that suits you and will result in success.

The three methods I have created are:

1. Elimination & Choice Method
2. Dissection Method
3. Supply Chain Method

The key to finding your true vocation is to use all three methods. You are looking for prompts, hints and 'light bulb moments' to trigger an idea that will inspire you enough to leave the rat race.

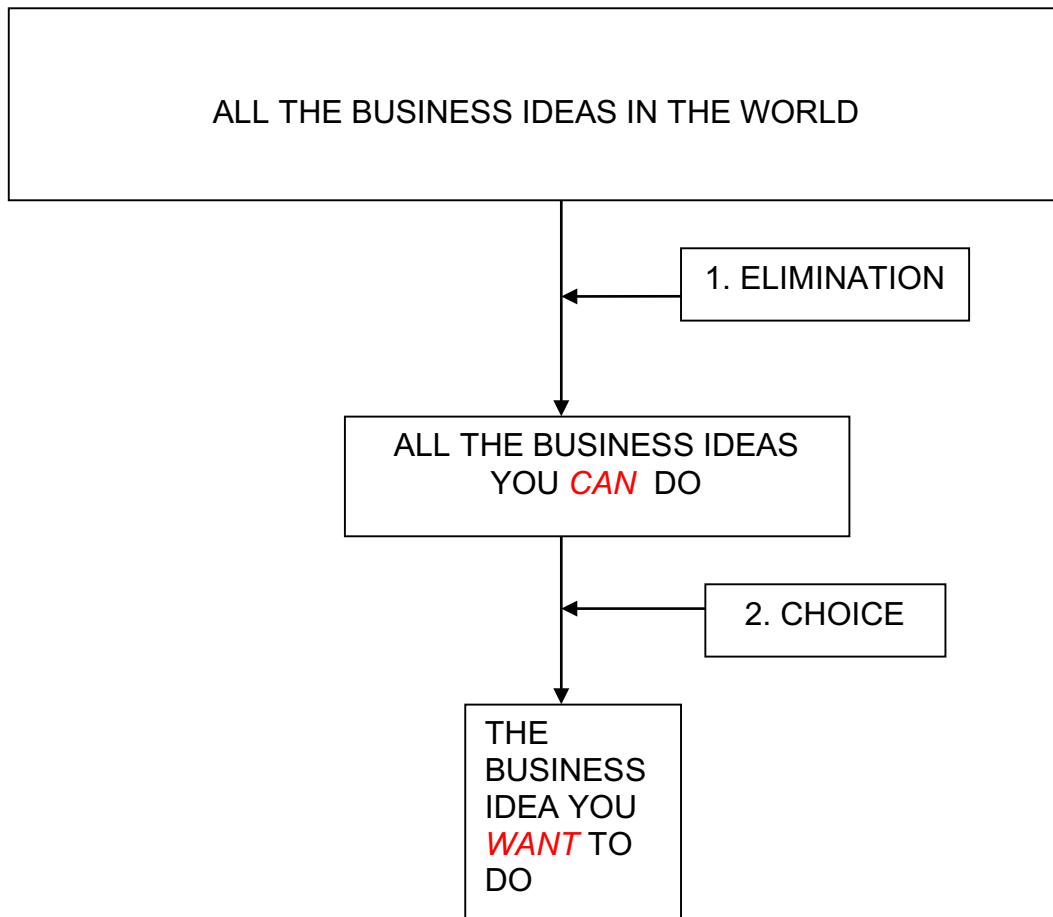
Elimination & Choice Method

So how do you identify the right business for you. Well its a two stage process. It's the process of:

1. Elimination
2. Choice



Look at the diagram below. You will see that you have to home in on the business that is suitable for you by eliminating certain businesses and then choosing from the rest.



So how do we eliminate and then choose? Well, let's look at these two processes in more detail.

1. Elimination

The following factors are key in eliminating certain businesses from the equation:

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Factor	Reason
Your ability	<p>It's no point trying to start a business that you are not actually able to do. Now there are obvious examples such as trying to set up your own solicitor practice when you're not a solicitor! But there are subtler examples such as trying to set up your own PR agency when you hate speaking on the phone.</p> <p>Think about your weaknesses. Are there businesses you would like to set up but after some careful thought realise that you weren't able to run the business in the first place? Are there certain skills that you simply don't have and are unlikely to acquire? Do you have any disabilities which will prevent you from doing certain things?</p> <p>On the flipside think about your strengths. Do you have personal attributes that seem well suited to certain businesses? Do you have certain qualifications that put you at an advantage? If so then keep these businesses in!</p>
Is it feasible?	<p>You might have an idea that has never been tested before. So the key question you have to ask yourself is – is it feasible? To answer this question you have to really think through the idea. What are the costs involved? What's the likely demand for your product or service? Will this idea make enough money for me to live on? You can get closer to the answers to these questions by drawing up forecasts, talking to people and if possible test marketing your idea.</p> <p>If your preliminary research proves that it seems feasible then keep the idea in – if not then throw it out!</p>



Location	If you have to live in a particular area because of family, friends or simply because you love living there then there will be a restriction on the businesses you can do simply by the location. So if you want to open up a bar or nightclub within your catchment area but there is a glut of these type of businesses then this idea has to be eliminated. All the businesses outside of this catchment area also have to be eliminated.
Is it realistic?	The ideas that you can consider have to be realistic. If you are thinking of opening up a chain of supermarkets but you only have £1,000 to start up with then your idea is very unrealistic. If you have £1m then your idea suddenly becomes realistic. Think about whether or not you have realistic expectations of what business you can do based on your starting capital.

2.Choice

So you've eliminated most business ideas but not all. Out of the remaining business ideas you have to choose one. The following factors should be considered when choosing:

Factor	Reason
Your interests	This reason alone can make or break your business. You have to be interested in what you are considering to get in to – any successful businessman will tell you that. Do you believe in the proposed product or service? Is the business you are considering something that your mind naturally wanders to?



	<p>There is no point in getting in to something that you think will bore you. Remember, you are trying to leave the rat race not join another one!</p>
<p>Strategic fit</p>	<p>This takes in to consideration your existing network of people you have around you. You will be surprised what skills, information and expertise they have if you spend the time to really think about it.</p> <p>Do you have a friend or family member that is in a job or business that is complimentary to your business idea? Can you obtain vital information or secure preferential terms from them that will help the business?</p> <p>So for example you're considering starting a plumbing business and your uncle owns a portfolio of properties then you can approach him offering your services. As he's your uncle he'll probably take you up on your proposition – I hope!</p>

Disection

This is a simple case of dissecting the market in to two and deciding which side you want to be in. If you continually dissect and decide which side you wish to be in then you eventually home in to the market you wish to be in. However, there are infinite ways of dissecting the market. Here are the key dissections to get you started:

Disection	Reason
<p>Retail v Trade</p>	<p>Retail is directly selling to the public, known as B2C, Business to Consumer, where the customer is the eventual end user of your product. Trade is directly selling to</p>



	<p>another business, known as B2B, Business to Business, where your product forms part of the final product eventually sold to the consumer. The common differences are:</p> <ul style="list-style-type: none"> • B2C has many customers, B2B doesn't • B2C needs a more sophisticated after sales customer care, B2B doesn't • B2C requires more marketing, B2B doesn't • B2C requires a shop floor, B2B doesn't <p>If you want to be in retail then you must be willing to accept the mantra – ‘the customer is always right’. If you don't then you could find yourself on the latest episode of BBC Watchdog and out of business very quickly! If you want to be in trade then you must be very cost efficient as your business customers will be very cost focused.</p> <p>I personally like being in the trade sector as the public can be very fickle. You can stumble across a customer that causes so many problems they end up taking a significant number of man hours. However, if you really understand the public in your targeted market then the rewards can be very high.</p>
<p>Passive v Active</p>	<p>Passive businesses earn income from the making of investments. This could be property, intellectual property, royalties, stocks, bonds or anything else that does not require your effort. You acquire these investments by investing your own cash, the bank's cash or by having a</p>



	<p>financial partner. This concept is where you use money (or borrowed money) to make money – true capitalism!</p> <p>Active businesses earn income from your direct labour effort. This could be a solicitor, plumber, mechanic, consultant or any other business that requires you to provide a service or product.</p> <p>If you're looking to free up time to spend with your family or friends or you're simply lazy then passive businesses are most suitable. If you're someone who gets bored easily when you have free time or unwilling to borrow too heavily then active businesses are most suitable.</p>
<p>Services v Manufacturing</p>	<p>The services sector is where there is no tangible product produced. This sector is involved in providing man power to either businesses or consumers to achieve certain goals. Typical businesses are broking, agencies and repair businesses.</p> <p>The manufacturing sector is where there is a tangible product produced. This sector is involved in providing a tangible product to a consumer or business. Examples being a computer, clothing or craft.</p> <p>Do you get great pleasure out of creating a product? Or do you get greater pleasure out of providing your time and effort resulting in a service?</p>



<p>Trading v Investing</p>	<p>A trader will buy something and sell it on within a year. An investor will buy something and hold on to it for longer than a year. A typical trader would be a business like a supermarket, car dealer or market trader. They simply buy and then sell. A typical investor would be a business like the rental of properties or the investing of stocks and shares. They buy and then hold for a continual stream of income.</p> <p>However, it is possible to do both. You can buy properties or stocks to hold and trade but usually people tend to one direction.</p> <p>I personally consider myself an investor. When you invest you can be assured of a continual stream of income for the time you hold on to the investment. I invest because I am then not always on the look out for the next deal. With trading you have to ensure that you can always find a good supplier supplying goods at an attractive price.</p>
<p>Low v High Capital Requirement</p>	<p>This is an important dissection. The threshold for high and low is subjective. Assuming its £10,000 then you can dissect all the businesses that require less than £10,000 to start and more than £10,000 to start. Based on your starting capital you can raise will determine which sector you can be in.</p> <p>If all you can raise is £1,000 then there is no point thinking of opening up your own pub unless you are willing to take</p>



	<p>on a financial partner. If you have £50,000 then opening up your pub could be a reality.</p>
Inventive v Existing	<p>Do you want to run your own restaurant or do you want to write an inventive piece of software?</p> <p>If you are a creative person then you may wish to operate a business that pushes the boundaries. These businesses are higher risk, usually fail but if you get it right the rewards are massive. If you are more conventional and prefer to tread a tried and tested route then the existing sector may be more suitable. There are still opportunities to be creative within the existing sector.</p>
Outside v Inside	<p>Do you like the outdoors or do you like staying indoors? Is the thought of being in an office too much to bear and being out on a building site seem more natural? Whatever your preference you can decide your environment as it is your business!</p>
Old v New Economy	<p>There was a big hype over the internet businesses (New Economy) and how it would dwarf the traditional businesses (Old Economy). This led to frantic investing in half baked internet ideas with barely a business plan. Lots of investors got their fingers burnt and now internet business ideas always carry a stigma. However, there are many good ideas that can be implemented with little cash and man power.</p>

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	Do you fear computers or do you only ever imagine working with computers? Depending on your preference you can decide how hi-tech you want to go. No matter what people say you can still run a business without having to go near a computer – its your choice.
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This is not a complete list. Think about other ways to dissect the market and consider which side you wish to be in. Based on your preferences on the dissections above you can build up a profile. A typical profile might look like this:

Disection	Profile
Retail v Trade	Retail
Passive v Active	Active
Services v Manufacturing	Services
Trading v Investing	Trading
Low v High Capital Requirement	Low
Inventive v Existing	Existing
Outside v Inside	Inside
Old v New Economy	Old

With this profile you can think about what businesses spring to mind. In this example possible businesses you could do are:

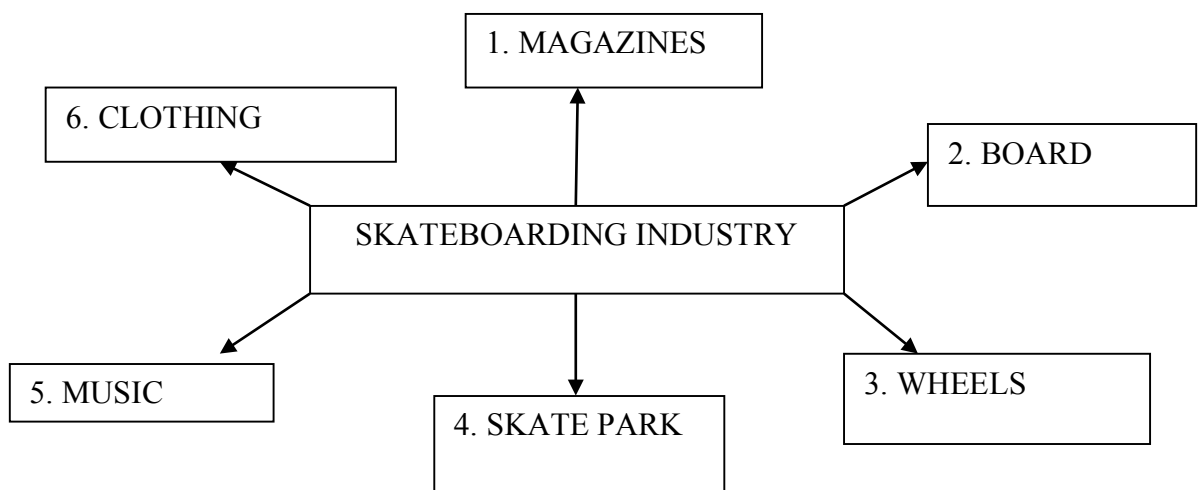
1. Mortgage Broker
2. Mobile Motor Mechanic
3. Freelance Caterer



Supply Chain Method

This final method involves choosing an industry that you are interested in and then thinking of all the products and services that surround it to make up that industry. After considering these products and services you can decide if anything takes your interest. This is best explained by the following example.

Dave loves to skateboard. The following industries surround the skateboarding industry:



•

1. **Magazines** – Dave could consider whether he would like to be a freelance writer, photographer or researcher for an existing magazine. He could think a little more broader and start his own magazine. There may be a gap in the market where there are no UK produced magazines only magazines imported

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from the US. Or there is a niche in the magazine market that hasn't been tapped such as a dedicated speed skating magazine.

2. **Board** – All skateboarders need a skateboard! One of the key parts of a skateboard is the board itself. Dave could consider designing artwork for the boards themselves. Or he could set up a skateboard shop which sold many different designed boards including his own.
3. **Wheels** – As well as needing a board you need the wheels. Again he could set up as a retailer of specialised wheels. He could get involved in the research, design and testing for the ultimate frictionless wheel if he had the experience and qualifications.
4. **Skate Park** – You need somewhere to skate! There are skateparks all over the country and Dave could get involved in the design, construction, fund raising and promotion of the park on a freelance basis.
5. **Music** – Skaters have very definitive music. Dave could become a DJ of this type of music at certain venues dedicated for skaters. He could get involved with the production of the music and set up his own record label. He could run his own skater nights at nightclubs and at skateparks.
6. **Clothing** – Skaters have very definitive clothing. Dave could get involved in the retailing of this clothing. He could also consider making these garments or designing these garments depending on his skills.

So as you can see lots of ideas can be generated from one industry if you think of the other industries that surround it. I must stress that when you think of the one industry choose one that you are interested in! Then it will be more likely that you will come up with an idea in a related industry that you are interested, but more importantly, believe in.

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STEP 4 - JACK IN THE JOB

OVERCOME YOUR FEARS AND LEAVE YOUR JOB

Paradoxically this is one of the hardest things to do as well as one of the easiest things to do. It's hard because:

- Very few people do it
- You don't know many people that have done it
- You've never done it
- It results in change
- It's the unknown

Its easy because:

- It makes sense!

Hopefully if you have understood the previous chapters you are a mug if you do stay in employment! If the preparation has been done then the risks you face should be manageable. However if you are a normal breathing human you still have that thing called – FEAR! Lets examine this fear and see how best we can eliminate it so you can ultimately leave your job.

The Fears Involved In Leaving Your Job

They're a number of fears that people have which are fully justified. They are not dissimilar to what business people face when appraising a potential investment. These are called risks. The difference between the ordinary person and a business person is that a business person:

- a. Identifies all the risks involved
- b. Mitigates each risk as best he or she can



- c. Considers the overall risk based on how well he or she can mitigate each individual risk
- d. Makes a decision based on the overall risk

So to leave your job you need to:

- a. Identify all your fears involved in leaving your job
- b. Think how you can overcome each fear involved in leaving your job
- c. Consider the overall fear factor based on how well you can overcome each individual fear
- d. Decide whether you want to leave your job or not based on the overall fear factor

Fortunately for you I'm not going to ask you to think up all the fears involved (even though you may know most of them), how to overcome these fears and calculate the overall fear factor. I am going to tell you this!

Unfortunately for you I am not going to decide for you whether to leave your job or not because I am not you! However, I will present a very strong case to you and I will recommend that you leave - but the ultimate decision rests with you.

The Fears and How To Overcome Them

The fears and their descriptions are as follows:

	Fear	Description
1	Default on your financial commitments	I think this the biggest fear of them all. When we start work we start to get a taste for material things. When we cant afford the things we want we buy things using not only the money we have now but with the money we



		<p>will earn in the future – basically, we buy things on credit. Things like houses, cars, furniture and other expensive items. We get used to these items and think that we could never do without these items.</p> <p>The thought of doing without these items is such a fearful thought that it keeps you working till you are at least 60. It is only natural that the mental picture you associate with leaving your job is the loss of your material goods. It threatens you and your family’s place in society, expulsion from your current social circle and exposes you to less than desired situations such as an increased risk to being the victim of crime.</p>
2	Loss of social contact	Time spent with work colleagues may dwindle to nothing as the majority of the time you see them is at work. You may be able to maintain relationships but you feel left behind as the others still spend time at work together.
3	Disappointment from family and friends	No matter if you are in a dead end job you will still have the disappointment from certain family members and friends. They will question your attitude and responsibility to yourself and your dependants. They will wonder what the hell you are doing!
4	Loss of status resulting in the loss of respect and sexual appeal	If you’re a manager, director, doctor, investment banker or any other job that gives you credibility, responsibility or status then leaving your job will take this away. You will miss the control, power and respect



		you command over others which all contribute to your self-esteem.
5	Loss of security	The security of future income is lost. The money you will be earning in the future is unknown. Its this unknown that fills you you with fear and insecurity. With a job your future income can be charted with some degree of accuracy.
6	Going without normal life's luxuries	You fear you will lose out on your leisure activities, good food, stylish clothes and nights out with your friends as you wont be able to afford to. Having a job allows you to have a certain degree of freedom when it comes to spending money because you have money!
7	Unable to mentally cope	The stress that comes with leaving your job, running a business and being totally responsible for the amount of money that comes in to the household may be too much to cope with.

With every fear you can take what I call **Countermeasures** which overcome each fear. A countermeasure is an action you take to counteract each fear. No countermeasure is fool-proof otherwise the fear would not be a fear purely by its definition as it could be fully overcome.

There will still always be an overhang of fear albeit a lot less than the starting fear. This is what I call **Residual Fear**. The residual fear is therefore still present even after the countermeasure and thus is a real fear. You can take further countermeasures to reduce this residual fear but it depends on how far you want to go.

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There will always be residual fear however. An example of residual fear that cannot be eliminated is that you ultimately go bankrupt. This fear is faced by every business in the world as this is the very nature of business. If this fear never existed we would all be self-employed! But remember that your employer faces this fear too and if they were to go bankrupt then you would be out of a job and you too also could go bankrupt.

The fears, countermeasures and residual fears in leaving your job are:

	Fear	Countermeasures	Residual Fear	Further Countermeasures
1	Default on your financial commitments	<p>If you've followed the previous steps you would of:</p> <ul style="list-style-type: none"> • Minimised your financial commitments to a manageable level • Arranged suitable finance to maintain these financial commitments for a period of 12 months 	The finance you have arranged to maintain these commitments runs out	<p>You have arranged emergency finance to access if your 12 month funding has run out from:</p> <ul style="list-style-type: none"> • A willingness to work part-time • Friends and family • Loans, overdrafts and credit cards
2	Loss of social contact	A willingness to maintain the friendships you have with your work colleagues. This means	The friendships still dwindle away even	Being open minded to making new friends that may



		making the effort to see them when it suits them.	though you make the effort.	lead a similar lifestyle as yours.
3	Disappointment from family and friends	Explaining to each person who you fear their disappointment exactly what you are doing and why.	They still do not approve.	Realise that you are the most important person and that living the 9-5 rat race will lead you to an early grave. You will muster up the confidence within yourself to do this for yourself and understand that the others around you will understand when you succeed.
4	Loss of status resulting in the loss of respect and sexual appeal	Understanding that status is really all about self-importance and if you rely on it then it masks a deeper insecurity about yourself.	Still feel less respected and sexually appealing.	None!
5	Loss of security	Understanding that life is unpredictable even if you have a job! If you've followed all the	You feel secure about the near future but worry	You understand that you will do as hard as you can to ensure that you have



		steps in this book you will make your business work and the only thing that is unpredictable is whether you make a lot or loads!	about the mid to long term future.	enough investments to look after you in the long term.
6	Going without normal life's luxuries	Understanding that if you go without now you will have 10 times more in the future.	You are left wondering what its all about if you cant even have a few little luxuries.	Allowing yourself a planned treat every now and again as long as it doesn't blow your budget!
7	Unable to mentally cope	Try and really remember what its like to get up early in the morning and drag yourself to work for 8 solid hours and knowing that what you are going through doesn't compare.	A residual stress still remains.	Understanding that nothing lands in your lap. You have to undergo a degree of stress to free yourself from stress.

Overall Fear

To calculate your overall fear is to gather all the residual fears that remain. To do this you:

- a. Decide which fears listed above 1 to 7 are fears that you actually have
- b. Decide what countermeasures you are willing to take for each fear
- c. Calculate the residual fear for each fear applicable.

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So for example if you had the following fears and were willing to take the following countermeasures then your overall fear is all the contents of the residual fear column:

	Fear	Countermeasures willing to take	Residual Fear
1	Default on your financial commitments	<ul style="list-style-type: none"> Minimise financial commitments to a manageable level prior to leaving your job Arrange 12 months finance to cover these commitments Willingness to work part-time if need be 	You default on your financial commitments when your 12 months finance runs out and you cant get a part-time job that is sufficient to meet all your costs.
3	Disappointment from family and friends	<ul style="list-style-type: none"> Explain to all what you are doing Knowing that staying in the rat race will kill you 	None
4	Loss of status resulting in the loss of respect and sexual appeal	<ul style="list-style-type: none"> Realise that status is all about self-importance but concerned that you will not meet a member of the opposite sex who will appreciate your status 	Loss of sexual appeal.
6	Going without normal life's luxuries	None	Going without normal life's luxuries
7	Unable to mentally cope	<ul style="list-style-type: none"> Willingness to work hard 	None

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		<ul style="list-style-type: none">• Having the constant reminder that leaving your job is better than staying	
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So the overall fear is the total of the residual fear column being:

- You default on your financial commitments when your 12 months finance runs out and you cant get a part-time job that is sufficient to meet all your costs
- Loss of sexual appeal
- Going without normal life's luxuries

You have to make an estimation of how likely these fears will materialise and are the rewards in starting your own business are compensatory enough. If you are happy with this overall fear then you will leave your job and start a business. If you are not then you won't. If you are not happy with the overall fear then I suggest you take more countermeasures so that your overall fear is reduced. Once you reduce it to a level that you are happy with then leaving your job becomes a simple and obvious thing to do.

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STEP 5 – GET STARTED

IMPLEMENT THE BUSINESS OF YOUR CHOICE

If you've followed step 4 then can I say welcome – welcome to freedom. You will not regret it. This is where life begins. Now I request from you all your passion and energy within yourself to be channelled into starting your very own business. In summary you need to, loosely in this order, do the following:

1. Get the tools
2. Get educated
3. Promote
4. Inform Authorities
5. Control Cash
6. Understand your competitors
7. Understand your customers
8. Build Alliances

1. Get The Tools

Get the tools means get whatever you need to do your business from the start. Now this depends on what type of business you are doing but you need the tools to actually provide the service or product! The key word in the last sentence is **NEED**. Its nice to have a fax machine, computer and attractive personal assistant but is it necessary if your choice of business is becoming a builder? The more cash you can save in the early days the better.

There are certain primary tools that will be needed depending on what type of business you are starting. It is down to you to decide whether they are needed or not. My advice is that if you are in doubt on whether you need it or not then forget it. If you can preserve cash by not buying unnecessary tools then do so. You can

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always acquire it if you do need it. But how do we decide whether its necessary?

Lets look at the possible primary tools needed:

Primary Tool	Needed?
Office Equipment	<p>This includes telephone, fax, computer, printer and anything else found in an office. Some of this stuff can be very expensive. Where you can, avoid getting the latest technology, as you'll find the older outdated models do the same thing but just a bit slower. The amount of times I see people buying a £2,000 laptop, justifying the expense because they need it to go in to business, when questioning them further they only have another £1,500 left to invest.</p> <p>If you're thinking of doing a business that requires minimal paperwork generation then consider whether any office equipment is really necessary. You'll be surprised how far pen and paper go. Acquiring office equipment may make you feel like you're in business but their worth may be limited and could drain the cash you have now when its most needed.</p>
Office Space	<p>Office space is expensive. You really only need office space if you are going to have clients come to your premises. Otherwise the spare room, a corner in your living room or even your garage or shed will suffice. I still operate from my home and I know of many other self-employed people that do.</p>
Stationery	<p>Getting fancy business cards, invoices and compliment slips may make you think you're in business but its when you make your first sale that you know that you're really in business. If you</p>

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	<p>are in a market where your letterhead is a key 'calling card' of your firm then invest in a good letterhead. If you're in a business where your image is a key representation of your firm then invest in a good suit. Have the sense to know whether fancy stationery will drum up business or not.</p>
<p>Car or Van</p>	<p>I knew a guy who wanted to start a property business around 100 miles from where he lived. The crazy thing is he didn't know how to drive. I'm not sure how he expected to go from one property to the other but if he had spent it on taxis he would of eroded his profit to nothing!</p> <p>Evaluate whether you need transport. Some businesses it is obvious whether you need a car. Others not so. Running a car is expensive as mentioned above but if it's necessary then get one. There's nothing more frustrating when you know you have a customer waiting but you cant get there.</p>
<p>Information sources</p>	<p>If your business demands that you have access to certain trade journals, websites or newsletters then subscribe to them. Factor this cost in your plans as this information will be key to you keeping abreast and ahead in the market.</p> <p>I'm not saying subscribe to all of them as some organisations can be a rip-off and not provide a lot. Speak to people in the industry. There will be a few primary information sources that are standard and will be what everyone refer to.</p>
<p>Retail Outlet</p>	<p>Depending on what type of your business you may need a shop or high street outlet. This is expensive. Consider direct selling</p>



	<p>through mail order or the web and then progressing on to a retail outlet.</p> <p>Markets can be a great way to test market your product or service. You can get a stall on a week by week basis and they work out very cheap. If you do need a shop consider approaching a shop and asking them to sell your product or service on a sale or return or commission basis.</p>
Website	<p>Websites can be a cheap or an expensive thing to set up – it depends on who you go to or know. Consider whether your type of business demands it. If you're getting into the computer consultancy business then it would seem reasonable to set one up. If you're considering setting up a restaurant in a local part of town then the website can probably wait.</p>
Registrations	<p>If you need to be a member of a trade organisation to give your firm a certain degree of creditability then join it. If your starting out then you need all the creditability you can get. Make sure that it is a credible organisation and not a mickey mouse one.</p>
Employees	<p>If you business idea needs immediate staff then start recruiting early. The right people can make or break you. Don't fall into the trap of employing the first person that you come along or a family member or friend that has just been made redundant out of duty.</p>
Listing	<p>Be sure to contact yellow pages, Thompson and 192 (or 118 118 as it is now called) enquiries to get a listing. You will be surprised how many calls you will get if you are in a niche business. This is FREE! Do not be tempted to pay for an advert in any of these directories as they are hugely expensive. Once</p>



	you're established then think about it. Remember – you need all the cash you've got, don't be squandering it!
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This is not an exhaustive list. There are other primary tools depending on what type of business you are considering. Carefully evaluate whether they are necessary now or can they wait until you are more established. Do not make the mistake of ploughing all your capital in all of the primary tools if you have no idea whether you're going to be in business in the next 6 months as you've not even had your first order.

2. Get Educated

This is very important. I have fallen foul of this. I entered in to the bar and nightclub business without any real understanding of the liqueur trade. I am learning now and still learning – the hard way! With hindsight I should have found out a lot more – but the place was such a bargain I couldn't resist! To get educated you can do the following:

Action	Why
Chat to people in the same industry	Who better to speak to than someone in the industry. Make sure its not a potential competitor as they may mislead you! Ask to shadow them if possible on a typical day.
Get a book on it	If there are books on your proposed business then get them. The cost of a book is a tiny fraction of what you could lose if you don't follow the advice given. Also there are many trade journals out there. If you cant afford to subscribe to them yet see if you can borrow them from your local library.

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Use the internet	I don't have to tell you that the internet is a great resource for information on anything – especially business.
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Please, please, please do NOT go on expensive courses held in swanky hotels telling you how you can make a fortune in whatever business. The only businesses that can make you the kind of money they claim is the 'running of expensive courses in swanky hotels' type business! Everything you need can be found from the resources mentioned above. You don't need to spend hundreds or even thousands of pounds to be spoon fed basic information.

3. Promote

Its no good starting a business unless you let people know you're in business. The way you do this is by promoting this fact.

Promotion	Description
You	The best promotional tool you have is YOU! You are the key representative of your business. Your ability to speak, act and deliver/carry out the products/services of the business is paramount. The most effective way to promote your business is to do a good job! If its done well people will tell others. Word & Mouth is everything. If you say you are going to do something then DO IT!
Work for nothing	If you believe that you are better than the rest then initially work for nothing. People will soon cotton on to the fact that you're better. Once you've proved yourself then you can watch them come to you. A common trick is to do a job for a well known

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	<p>company for a notional £1 fee. This way this well known company is technically a customer. Then you can add this well known customer to your list of satisfied customers thus giving you creditability.</p>
Free advertising	<p>Its important at the start that you make use of all the free advertising you can get. This means telling everyone that you are in business, putting your posters in the right places, targeting emails and getting press attention if you can.</p>
Mailshots	<p>One of my businesses was started from a mailshot. My accountancy practice was kick started by a 100 targeted mailshot to mortgage brokers offering my accountancy reference service. I had about 6 responses which resulted in work. Because I did a good job I got referred to other mortgage brokers and now my business grows from recommendations only.</p> <p>If you think your business will get a positive boost from a targeted mailshot then do it. Get a good letterhead, quality paper and quality envelopes and target your mailshot to prospective customers. Make sure your mailshot is well drafted. Run it by your friends and family or someone that would have a valuable opinion.</p>
Newspapers	<p>Before spending a small fortune on a regular display advert in the local or national press consider who you are targeting. Many people read through a paper and don't even glance at the ads. If you're in quite a niche market then really consider if</p>

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	<p>the mass press is suitable. Carefully selected trade mags, newsletters and journals could be better and cheaper!</p>
Leaflet drops	<p>Leaflet drops save on postage. If you look at the cost of postage of 1,000 leaflets at second class rate it would total £200! If your business requires such mass marketing, like a take-away or landscape gardening business, then consider printing up some cheap leaflets and delivering them YOURSELF! Don't pay a kid or school leaver to do it as you'll find three quarters of your leaflets in the public bin or scattered all over the local playground.</p>
Website	<p>As said earlier, websites can be a cheap thing to set up. If your business demands one then make sure it's a good one. If you need one just as a calling card then get one and make sure you link it to as many search engines possible.</p> <p>I have a website and I get a call about once every two months from having one. Now I've never secured any business from it but I don't expect to. My business dictates that you must have a presence on the web but its not critical to gain business. It really depends on your type of business. Consider whether your competitors have a website. If they don't then maybe this could be a way of differentiating yourself from them.</p>
Promotional discounts	<p>If you do this right this can be a powerful promotional tool. If you're willing to supply your product or service at cost for the first few deals on each customer then do it. Once you get them hooked in you may get them for life.</p>



Introduction fees	Another great way to build your business is to offer a commission to anyone who brings you in business. If I get an introduction from someone I pay them 10% of what I get. This encourages your contacts to bring business to you as they know they're going to get paid.
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4. Inform Authorities

Not only do you have to let your potential customers know you're in business you have to inform the authorities. The following authorities will be interested in your new business venture:

Authority	Description
Inland Revenue	<p>Unfortunately we all have to pay it – tax! Write to your local Inland Revenue office, whose address can be found in the yellow pages, and let them know you've started in business. They will write to you and send you a tax return to complete. You can decide to fill this form out yourself or you can contact a local accountant and they will deal with it.</p> <p>If you do use an accountant then shop around. You may not need a chartered or certified accountant as they will be expensive and their expertise may not be needed if you are running a small uncomplicated business. A competent bookkeeper may suffice and will be half the cost if not cheaper.</p> <p>Automatically the Inland Revenue will inform the National Insurance Contributions Dept who will then contact you to set up</p>



	a £2 per week contribution from your bank. The rest of your NI contributions will be paid when you pay your tax.
VAT	If you expect your turnover to be greater than £15,000 per quarter then you may have to get registered for VAT depending on whether your product or service is subject to VAT. You will have to contact Customs & Excise to find out. Information about this and their contact details can be found from their website www.hmce.gov.uk
Professional Bodies	In certain cases you need to inform the professional bodies that regulate your market. This includes the FSA for the financial industry, The Law Society for Law, Office of Fair Trading for a lending business or ICAEW for chartered accountancy. There are many more so check out that your market is not regulated. Non-registration can result in heavy fines and even imprisonment!

5. Financial

As I've mentioned earlier cash is king. That is why everything to do with the cash that comes in and out is the most important thing – NOT PROFIT! You pay bills with cash *not* profit. Profit is a notional figure which is an expected figure based on the agreed terms of your purchase and sale. However if your customer defaults then the profit turns quickly to a loss.

Lets look at this in more detail:

Financial	Description



Credit control	<p>This is probably the most important side of the business when it comes to financials. If you can never give credit. This may be impractical depending on what type of business you're in but where you can do so. My accountancy practice demands payment upfront even though many accountants give credit. I don't care if I lose the business by demanding payment upfront. If the customer didn't want to pay upfront then I would have questioned whether they would have paid at all!</p> <p>If you do have to have debtors then makes sure you keep tabs on them. Make it clear on your invoices when you expect payment. i.e. 'payment is required within 7 days of the date of this invoice'. If payment is not received on time then have a system. So it may be a phone call after one day, a letter after seven days and court action after a month.</p> <p>Have credit limits for customers. Set it at zero for new customers rising to a figure that is no more than 10% of your working capital. Stay abreast of your customer's financial situation. If you know that one of your customers is struggling then consider reducing their credit limit. You don't want them going down and taking you with them.</p>
Credit periods	<p>In the same breath I'm telling you not to give credit to your customers but to try and get credit from your suppliers! This is simply the way business works. I know it doesn't seem fair but life's not fair. Wherever you can get credit then take it. If you can get paid for a job before you've paid your supplier then you've cracked it – you are generating cash without any cash!</p>



	<p>Then the only limit on how much cash you can make will be purely the demand from customers.</p>
Pricing	<p>Be sure to price your product or service correctly. Be sure to factor in unseen costs such as phone calls, postage, parking or any other cost that is not directly attributable to your product or service. You would be surprised how many people fall foul of this. They make a profit after variable costs (known as gross profit) but make a loss after all the overheads are taken in to account (known as a net loss).</p> <p>The best way to avoid this is to set your price by the technique of skimming. Skimming is going in high and then shaving off a little bit if demand is low. You have to be competitive though. If you are going to charge a higher price than your competitors you need to be offering something else like better aftersales care or a more robust product or service.</p> <p>If your intention is to crush the competition by setting the price low then ensure that you take in to account the losses you may incur and how long you can sustain this for. If you do go in low consider setting the prices higher than the competition for some of your range to compensate for this loss. This strategy is called loss leadership. It's the kind of strategy that ASDA, Tesco and Sainsburys do to crush the smaller supermarkets.</p>
Budgeting	<p>Now I am not saying go out and buy an expensive budgeting software pack and track every expenditure and calculate fancy statistics, what I am saying is have an idea of what things cost. This is a game of money. Know how much EVERYTHING costs</p>



	<p>and budget for it. You do not need any nasty surprises that catch you out and then put you out of business.</p> <p>Just a calculation on a scrap piece of paper will suffice. Be sure to include every possible expense. Things such as:</p> <ul style="list-style-type: none"> • Mobile phone calls - They can work out very expensive if you are calling cross network • Postage - you'll be surprised how much a mailshot can cost if you send out over 500 letters • Printing – ink cartridges for printers are set at a scandalous price. I pay £27 for a black ink cartridge which lasts me about 2 months. That's nearly £200 a year! • Travel costs – be sure to include parking costs, potential fines, extra servicing costs due to higher mileage, taxis and congestion charges. • Bad debts – some customers will not pay you – fact! I always budget 20% bad debt loss for my property business.
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6. Understand Your Competitors

Its not just you out there you know. There are others doing exactly what you're doing – trying to make a living. The key thing is that you know who, what, why & where – and how and when!

What to do	Description



<p>Know who they are</p>	<p>Every business has competitors. if there's money to be made in a market then there will always be several players fighting over market share. If you are in the fortunate position to have no competitors (I can't think of a situation where this could occur though) then be sure there will be in the future. So know your competitors AND potential competitors.</p> <p>But why do we need to know who they are? Well we've all heard the expression 'keep your friends close and your enemies closer' but in business this is even more significant. The competition are your enemies as they threaten your lifestyle. You need to know what they're up to and what their plans are. If you find that your losing business due to an introduction of an offer by one of your competitors then you are able to react with full information.</p>
<p>Copy them!</p>	<p>Okay so you've found out who they are what do we do with this information – copy them! If your struggling for inventive ideas then copy them. It's difficult to re-invent the wheel so why not copy them. Its not illegal! If they've got great ideas then guess what – you have to! You can use your competitor's ideas for inspiration or you can copy their ideas and just make them better.</p> <p>We all see this happen. McDonalds introduced the Value Meal and shortly after Burger King did the same. We had Pop Idol on ITV & Big Brother on Channel 4 and BBC shortly followed with a combination of both with Fame Academy. They all add their little twist but essentially it's a copy of their competitor's</p>



	<p>ideas. There are no rules and regulations that govern the copying of ideas as this is what keeps business progressive.</p>
Differentiate	<p>Okay, you've found out who they are and what they do. If copying is not the best strategy then why not do something different. This may be offering something additional or offering a completely different product that does the exact same thing. This requires keeping up with the latest developments in your market that have products or practices that are more appealing or more efficient.</p> <p>Branding is also a key way to differentiate. One way Easyjet, the low cost airline, has succeeded was to offer just basic air travel without any frills. Their branding of plain colours (being orange and white) and limited destinations nearly brought down the institution we know as British Airways. They tried fighting back with their copy being 'Go' but failed. Easyjet now offer a wider range of destinations and only face a real threat from Ryan Air, another low cost airline.</p> <p>Its this differentiation that will make customers choose you over others. You must stand out. The worst thing for your business is that you blur in to the rest of them. there is no solid reason why someone would choose you over others.</p> <p>Consider differentiation by one of these means:</p> <ul style="list-style-type: none">• Price – Be at the top end or the bottom end of the market. Either be the cheapest with no frills or the most expensive with all the frills.



	<ul style="list-style-type: none"> • Niche – Be a specialist in one small part of the market thus eliminating most competitors. You can charge premium pricing for your expertise. • Quality – Offer the best! People will come to you as you are offering the best in the market. • After Sales – you offer the best back up service for any issues arising after the purchasing of your product or service.
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7.Understand Your Customers

What to do	Description
Know who they are	This seems an obvious statement. You're thinking well of sold to them of course I know them. What I'm saying is really know your customers. Now I'm not saying to get in to bed with them but at least understand where they're heading and if your products or services will be required in the future. If so, be sure to guarantee supply. If their requirements are going to change then change with them if possible.
Avoid being reliant on a few	<p>The classic way businesses go down is a customer going down. If you only have a few customers then your business is very fragile. You are reliant on the success of your few customers for your success.</p> <p>Looking at two extremes Tesco never relies on one customer. It has many being us! Thus their exposure is really the general economy of the UK. Whereas a pig farm supplying meat exclusively to Tesco relies heavily on one</p>



	<p>customer being Tesco. If Tesco find another pig farm at a cheaper price then the original pig farm will ultimately go out of business.</p> <p>Do what ever you can to minimise your exposure to one or few customers. Re-read the 'Promote' section above to gain more customers hence being less reliant on certain customers.</p>
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8. Build Alliances

This is something I need to get stuck into. Its all about teaming up with non-competing businesses and selling each others products and services. We've all heard about lastminute.com. The key to their success of being the first internet site based in the UK to make a profit was their aggressive alliance program. If you used the internet or walk through the high street you would see lastminute.com somewhere. The great thing is that even if none of these alliances didn't work it still got their name out there alongside the 'big boys'. It just so happened that aligning themselves with household names made them a household name which meant more hits to their site hence more sales.

Now depending on what your business is there are many non-competing businesses that could sell your product or service and theirs! You may find that selling their product or service could be more profitable than your own product or service.

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STEP 6 – DON'T GIVE UP!

PERSEVERE

Within 12 weeks you would have become accustomed to your lifestyle. It will be lifestyle of freedom. It will be a lifestyle that you wont want to let go of. So me telling you to persevere is kind of obvious. Hopefully you'll want this lifestyle and you're willing to do anything that preserves it. But its no good saying 'I wont give up!'. You need to have a strategy to ensure that you DON'T give up.

I have come up with four methods to ensure that you never give up. Again use all the methods together to keep you motivated:

1. Fear & Greed Method
2. Negative Positive Method
3. Competition Method
4. Goal Setting

1.Fear & Greed Method

Now we all have drives. We are all driven to eat, sleep and have sex. These are all actions that require no motivation as our bodies desire it without the need for conscious thought. Anything else outside of these three drives require motivation, including setting up and persevering with your own business! So how do you stay motivated? Well I'm going to be blunt with you. We are all motivated to do things in two situations only:

1. Out of FEAR and
2. Out of GREED

Now I'm not saying to be fearful and/or greedy as neither of these attributes are particularly nice. What you have to do is create the fear and the greed in your mind to

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motivate yourself. Its these creations that will make you stop procrastinating, get up off your butt and do something! It's the ability to picture the fearful situation or the abundance that comes with greed.

Now its up to you to create the fear and the greed. This is subjective as what you fear and what you're greedy for will be based on your personal circumstances. Don't hold back – let your mind be free to create the absolute worst and best scenarios that really motivate you to avoid or to strive for. Here are some general ones to get you going:

	Situation	Motivation
FEAR	Going back to the 9-5 grind	This is my biggest fear. Its not having enough money or time its just going back to work! I think I would rather go on the dole than go back to work. Really remember what trap you've escaped from. Re-read step 1 – Wake Up, if you've forgotten. As I was writing step 1 it brought it all back. There is no way I'm going back to that.
	Missing out on key events as you're not a master of your own time	There are certain events that you will miss while you are at work. Simple things like the Football World Cup matches on TV to crucial things like hearing your child mutter its first words.



		<p>Think of the pain that you've felt due to you being at work and missing out on things that you've found important.</p>
	<p>Going out of business</p>	<p>Can you imagine the stress of going under? You will be a disappointment to your friends, family and most importantly to yourself. I know of businessmen that have or attempted to committed suicide over this fear alone.</p> <p>When you're struggling to keep self-motivated then think of the shame and embarrassment you will experience if you become lazy and let your business go down.</p>
	<p>Working till you're too old to enjoy life</p>	<p>If you work you will work till at least age 55 more like 65. There is so much that I want to do before I hit 40! If I knew I would never have longer than 4 weeks holiday each year till 65 then I think I will commit suicide!</p> <p>Consider what you want to do and how working will prevent you from doing it. You would be surprised how many people work all their life</p>



		<p>and die within two years of retirement. It's a strange phenomenon. It could be attributed to the dramatic change of working for 40 years and then doing nothing that makes the person feel worthless. Don't let this be you!</p>
<p>GREED</p>	<p>Never having to take orders from anyone for the rest of your life</p>	<p>You can be the master of your own destiny. There are few people in this world that are in this privileged position. Whatever your situation is at any point in time is completely of your doing.</p> <p>You will have no overbearing boss, no unachievable deadlines set by someone else, no extremely early or late starts and no boring meetings to sit through and endure. This is because its your business and you call the shots.</p>
	<p>Having all the time in the world to do things that are really important</p>	<p>What's important depends on you. You decide. But whatever it is you can do it. If its going to the park for the day or travelling round the world for 6 months then do it. If you've set your business up correctly it should be able to run itself.</p>



	<p>Having enough money to buy anything you or your family want</p>	<p>Just imagine being able to buy anything you want. Successful entrepreneurs can do this. In fact only successful entrepreneurs (and the royal family!) can buy anything that money can buy. You can only reach this position by setting up your own business.</p> <p>Picture you and your family having the houses, cars, clothes, holidays and whatever else you think you and your family desire. You will have it but it all depends on how much you want it.</p>
	<p>Having the piece of mind knowing that you are completely self-sufficient</p>	<p>No one's ever going to make you redundant. You have full job security as you are your employer! There is no threat of redundancy. The only threat of redundancy is from yourself. I am trying to make myself redunadant through delegation. If I can get reliable people to run my business then I can do something else. If I make myself redundant then I don't have to do anything. All I have to do is check my bank balance.</p>

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		<p>If I find the people to run my business incompetent then its them that get made redundant – not me. I still have my business. I just have to find other suitable people.</p>
	<p>Having an abundance of respect, adoration and accolade from society</p>	<p>If you want outside recognition then the only way to do this is by being the owner. Its the owners that get the praise, adoration and acolade from the outside world – and rightly so! Its your idea and you took it to the market – that deserves a lot of respect.</p> <p>Picture yourself on the front page of the business section in The Times, on TV telling people your story of success, on the radio promoting your product and at all the parties thrown in your honour due to record profits and bonus payments.</p>

The best way to use this method is to use extremes. This may be easy for some people. If its easy for you to make a mountain out of a molehill then now's your time to use this skill for fearful situations. If you're a natural day dreamer then really let your mind run wild and picture an abundance of whatever you desire for greedy situations.



2. Negative Positive Method

There will be setbacks – guaranteed. Its how you deal with these setbacks that will determine your success. So what are the likely setbacks and how do we deal with them? Well it's a case of education. You simply learn from your mistakes.

The best way to learn is from other people's mistakes but nothing hits home like your own mistakes. One thing a book cannot give you is experience. I'd like to think that you'll follow all the rules in this book but you won't. You ultimately will, I hope, but you'll go through the process of making mistakes. The difference between failure and success is that you use the opportunity of a mistake to be a learning lesson. I know that I will make many more mistakes in the future but you can be sure that I'll learn from them and hopefully I will tell you about them!

This is the ability to turn a negative situation in to a positive situation. If you see everything you do as a learning lesson then you can only get wiser as time goes on. This is what experience is all about. There are many mistakes and misfortunes ahead if you do go into business. Here are some that I've made or experienced and that I've turned around. Look at the following table below:

Mistakes & Misfortunes	Initial Reaction (Negative Outlook)	Future Action (Positive Outlook)
Run out of money	Any self-respecting businessman would have faced this. Its known in the game as 'short term cashflow problems' i.e. you've run out of cash!	You will be sure, having experienced this, that you'll never go back to it. As a result of this experience I always have a cash float equivalent to 6 months mortgage payments for all my properties.

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	<p>When you run out of cash its called being bankrupt.</p> <p>I ran out of cash as I had over committed myself. I had assets but you can't pay your bills with assets – you need cash. I was forced to approach a bridging finance company who could raise the cash I needed but were going to charge me 28% APR.</p> <p>Fortunately I was able to borrow £5,000 from my girlfriend which just about saved me. It was a stressful time for me as I had to stall certain creditors with lame excuses and I bounced a few cheques and direct debits.</p>	<p>Fortunately I was able to live to tell the tale. I look back at that situation with a degree of humour. At the time I thought I knew everything about business and I couldn't understand how people could mis-budget, especially a chartered accountant like me. Let me tell you – it was a humbling experience.</p>
<p>Default by a debtor</p>	<p>When I started out I had a letting agent for one of my properties. I went to collect some rent and the owner told me that his</p>	<p>Question your choice of customer. Did you jump in to quickly because you were desperate for the business? Maybe you will reassess your</p>



	<p>partner had done a runner with the money. I believed him. As it turned out there was no partner. He was a compulsive gambler and had blown the lot on 36 black!</p> <p>It can be very annoying and frustrating when someone takes your product or service and doesn't pay you. Its easy to think 'is it all worth it?' especially if you've put a lot of hard work in to serving or trusting that customer.</p>	<p>choice of customer or re-adjust credit limits for customers so the same doesn't happen again.</p> <p>Maybe its time to be a bit sceptical of everyone you do business. You've got a lot to lose if you don't adopt this attitude and even more to gain.</p>
<p>Hit by unforeseen bill</p>	<p>I got hit for a £2,500 roof repair bill early on in my property investment days. Not everything can be budgeted for. Sometimes you will get hit for a bill that knocks you for six! This may be a repair, an oversight or an accident.</p>	<p>With time you will be more susceptible to unforeseen expenditure. You will budget for the unbudgetable because you have the experience. You will also question whether the repair is necessary as I do now – do not believe so-called experts. They are only after your money.</p>

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<p>Court action against you</p>	<p>I was threatened by a letting agent that they would take me to court unless I paid a £900 fee to come out of my contract. I had little knowledge of the law at that time and if I had had the money I would of paid it – but I didn't have the money.</p> <p>I spoke to my solicitor friend, read a few books and wrote several letters to defend my situation. Eventually the letting agent gave up!</p>	<p>I was forced to get educated! If it wasn't for this threat I would never of found out how I stood and now stand with letting agents.</p> <p>Now I welcome court action in both directions. I recently took one of my tenants to court to evict her and I learn a hell of a lot.</p> <p>Once you do start enforcing the law you start to feel more confident in the deals you strike as you know that they can be enforced, if need be, in court.</p>
<p>Computer crashed and lost important data</p>	<p>I love computers when they work but absolutely detest them when they don't! you only realise how dependent you are on them when they let you down.</p> <p>This happened recently. I needed to get certain letters out by a deadline</p>	<p>Now I have a back up computer. In fact I have two back up computers! I have learnt that the risk of being unable to print letters, access the web, check your email account or use my spreadsheet can have catastrophic consequences.</p>



	<p>and I simply missed that deadline. I think I looked amateur to the outside because my computer crashed and I had no back up. I may have lost some future business due to the computer crashing as my business seems too fragile.</p>	
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Here are some more mistakes and misfortunes that might occur and how to really turn them around to your advantage and learn from them.

Mistakes & Misfortunes	Initial Reaction (Negative Outlook)	Future Action (Positive Outlook)
<p>Not enough business to cover your fixed costs</p>	<p>Your initial reaction will be 'I'm going to go under!' You may start to look at ways of reducing your overheads but find that they're quite inflexible.</p>	<p>It forces you to look harder within your business to find out why you're not getting enough sales. Having your mind really focusing on the most important side of the business, being sales, can only be a good thing.</p> <p>You may be surprised that, after careful thought, a few simple changes in your marketing strategy can have better returns than expected.</p>



<p>Get too stressed to cope</p>	<p>Running a business is a 24 hour occupation if you want it to be. The buck stops with you. So if you are facing stressful times within the business it doesn't stop when it hits 5pm.</p> <p>Just being able to relax and think clearly through the challenges your business throws at you you find difficult.</p> <p>Your expectations are not being met due to others. Its these expectations that cause you the stress.</p>	<p>Setting up a business is front loaded. That is to say you do most of the work at the start for a pay off in the future. Every new business owner goes through this – you are not alone!</p> <p>Overtime you learn to deal with the stress. I used to get very stressed when a tenant did a runner without paying the rent or vandalise my property. Now it takes a lot more to get me stressed. Recently a tenant burnt down my flat and I didn't bat an eyelid. I have become accustomed to these set backs as I expect them.</p>
<p>The market changes making your product or service obsolete</p>	<p>This can be very worrying. It can happen to anyone. Knowing your market and their fickle tastes is important.</p> <p>Potentially all your stock is unsaleable and/or all your skills are redundant.</p>	<p>The ability to be flexible and move with the market is key to success. This lesson really homes in on the fact that you can never stand still. You have to know what your customers want at all times.</p>



		<p>You also need to be looking out for other opportunities that your existing market require or in new markets. See Step 7 – Stay Out Of The Rat Race.</p>
<p>Struck by an accident or a sickness making you unable to work</p>	<p>This can happen to anyone. If you're in a business that requires you to be there, sell the product or provide the service then having an accident or becoming ill is a major problem.</p>	<p>If you can adjust the business to accommodate your set back then you've achieved a lot. Sometimes in life you are tested in situations which you think you cannot cope. When it actually happens you'll be surprised how well you do cope thus making you stronger in the future.</p>

3.Competition Method

We all have a competitive streak. If you don't then get one! A great motivator is to set yourself against someone else. Schools use this method all the time. We've all sat exams with our class and a great way a teacher can motivate its pupils is to display the results in a table with the highest score first. If one of you're friends have done better than you then you'll be motivated to do better than them next time. If you're not top but came in the top three then you know that if you work harder you could come top. Do not be ashamed or guilty of having a competitive streak. Its only natural. My personal opinion is that its extremely healthy. It forces us to get the best from ourselves.

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Pick your competitors wisely however. Its no good pitching yourself against someone too low or too high. If your competitor is someone that you'll beat easily then you will become complacent. If their too high you'll become disheartened. Pick a competitor that's slightly better or below you. Typical competitor subjects could be:

Competitor	Why
A business competitor you know	<p>This is the most natural competitor to have. If you're not competing against your competitors then I would be worried! They're in the same line of business, their motivations will be similar and comparing your success relative to them will be easier to measure.</p> <p>Never be humble about your competitiveness to your competitors and never feel threatened by the competitiveness of your competitors. this is the real world we live in. you're not in the business to be nice – you're in the business of making money and every business should understand this. If they don't then they won't last long.</p>
A business competitor you don't know	<p>Your natural competitor may be too big or too small for you to really feel that they are a competitor. It may make more sense to pitch yourself against a business that has been in business for the same period of time as you. So if you know of anyone that has just set up in business the same time as you then use them to chart your success. You may want to compete with a business that is in the same</p>



	<p>general industry but is not a competitor – i.e. the internet. You could have a website business that wants to pitch themselves against another website even though you have different customers.</p>
A friend or family member	<p>If you've always had a competitive relationship with a certain friend or family member then use it to your advantage. I had a father that always put me down and in a way I thank him for that. This pushed me to prove myself at an early age.</p> <p>If you have someone like this then don't let it get to you. Channel this energy in a positive way. Let it push you to do better than even them!</p>
Someone you know	<p>You may have come across people that you secretly admire. You may not know them that well but you know what they do and what they've achieved. They're kind of role models yet you want to do better than them. Remember that imitation is the best form of flattery. So copying, competing and surpassing someone can only be admired – even by the person you did this too!</p>

4.Goal Setting Method

I know you've heard this one before but it really does work. Its one tool that helps people achieve success – including me. I have had many goals in my life and I continue to keep setting them. Some I achieved, some not, some I have revised and

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some I have discarded. Here are some of the goals I've set, what's happened to them and why:

Goal	Outcome	Why
To obtain my final salary when at work through self-employment in 3 years.	Achieved	<p>I had a realistic goal that was achievable in the time frame that I had set. I was earning £1,700 per month when I left work. I wanted to earn £1,000 in year 1 and £1,700 in year 3 through self-employment. Because I had a set figure in mind I was able to plan my expansion of my business so that it could meet these targets.</p> <p>I used to study my excel spreadsheets and play around with them so I would get my desired result - £1,700 per month! In fact I surpassed my goal, which you will find happen sometimes, and earned a lot more than my final salary.</p>
To be a millionaire by the age of 30	Achieved	<p>I wanted to be a millionaire by the time I was 30. It was a goal that wasn't thought out through that much it was just a goal that I had. A millionaire is someone that owns assets greater than £1m. As I owned property worth more</p>

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		<p>than £1m then I was technically a millionaire.</p> <p>Having a goal that is positive, even though its not thought out that much, is not a bad thing. If its making you strive forward towards a theoretical goal its okay! The outside world likes to create these ill-thought out goals such as the richest person in the world or the largest company in the world so having your own ill-thought targets are completely fine as long as they're positive.</p>
To have 50 properties by 2002	Achieved	Again this was another goal that didn't have much thought behind it. All I knew was that I wanted to own a significant amount of property and 50 seemed a decent round number. The key thing is that it was pushing me forward.
To earn £50,000 per month by 2007	Not achieved	I want £50,000 per month as I do not think I could spend more than £50,000 per month. This target ensures that I never have to go without when it comes to material goods.
To have a Top 40 music hit by June 2005	Not achieved	This goal always haunts me. I want it but I just cant seem to knuckle down to achieve it. One of my passions is music



		<p>but I always seem to get distracted. I often question whether I want it but ultimately deep down I know I want to achieve this. I think it will be well after 2005 before I achieve it but I have promised myself I will do it.</p>
<p>To own a Bentley Coupe before age 32</p>	<p>Revised</p>	<p>I have adjusted this to age 35. Its my ultimate car and I will get one but currently I simply cant afford it.</p> <p>You are not a failure if you do not achieve your goal in the specified time. Its okay to revise goals. If they're still things you want then obtaining them further down the line is still an achievement.</p>
<p>To be a billionaire by age 40.</p>	<p>Discarded</p>	<p>I wanted to be a millionaire by age 30 and I achieved this. To be a billionaire is really a notional figure that has no real meaning as mentioned above. To be comfortable is an even better goal which I've equated to £50,000 per month, hence it's a goal. Its no good busting a gut achieving a goal that you really have no understanding why you want it.</p> <p>You need to decide when you are pushing yourself too much. You need to</p>



		decide whether the goals you are setting are helping you or destroying you.
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I hope you've noticed that all of the goals had common characteristics:

1. There was a timescale – By when?
2. There was a quantity – And how much?

So I wasn't saying I wanted more money or more time for myself. I was saying I wanted this amount of time or money by a certain date or age. So when you set your goals then be specific. Put a date and a specified outcome to your goals. Only this way can you monitor if you're on track to success. Its this monitoring that builds confidence and we all know that having a confident attitude can take you a long way. Other characteristics that could form part of your goals could be:

3. With whom – having a goal to be supplying a certain customer or partnering up with a certain competitor
4. Where – having a goal to be in a certain geographical region conducting business

When setting your goals ensure that they push you. Do not set easily achievable goals. Use society to help you determine these goals like I did with the terms 'millionaire' and 'billionaire'. So it could be the biggest, the richest, most ethical, the champion or the toughest. Whatever it is be sure that you're heading to be at the top of your game.



STEP 7 – STAY OUT OF THE RAT RACE *BUILD & MAINTAIN YOUR POSITION*

Build & Maintain Position

Staying out of the rat race involves:

1. INCREASING CASH INFLOW (Business) - Always growing the business to increase profit
2. CONTROLLING CASH OUTFLOW (Personal) - Controlling personal spending

Okay so you've got out of the rat race all you need to do now is ensure you stay out. This involves on never being complacent. You have to learn one fact in business – if you stand still you lose. Nothing lasts forever especially in business. So if your intention is to create a business that will provide you a set level of income, with no growth or efficiency strategy, then you will be at the mercy of your competitors. Also if you decide to spend every penny of your profit on fancy cars or houses then you'll be at the mercy of your creditors!

1. INCREASING CASH INFLOW (Business)

I have identified two ways to increase cash inflow from your business; Duplicate & Diversify or D&D as I like to call it. Lets look at what each one means in more detail.

i)DUPLICATE

Duplicate means exactly what it says. If you have an idea that works in one market then just simply duplicate it in different markets. Examples of this are all around:

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Business	Original Market	Other Markets	Description
McDonalds	USA fast food market	Rest of the world fast food market	This is probably the most famous duplication ever. They had one idea of selling the Big Mac and just took this idea to every country in the world.
Tesco	Food retailer in Brighton	Food retailer in the whole of the UK	On a more local level Tesco have taken their food retailing idea and brought it to every town and city in the UK.
Me!	Renting of properties in Essex	Renting of properties in the whole of the UK	I found that I didn't need to close to any of my investment properties as it wasn't me who had to repair them if anything went wrong. So I just duplicated the rental property idea a hundred times around the UK!
Gap	Adult clothing	Children clothing	They mastered the art of providing trendy clothes at reasonable prices to adults so they just entered the children's market and repeated the process.

Is your idea capable of being duplicated or is your business very centred around you?
Does your service or product require you and you only or can you delegate your role

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to someone else? The key to duplication is taking yourself out of the business and getting other trained individuals to run the business for you i.e. employees!

For duplication to occur you need to to:

Action	Reason
Ensure that profitability is large enough to take on an employee or employees.	<p>If you want to duplicate then you need to be sure that the business profits can afford to pay for someone to do your job. As you will be moving out of the original location and moving in to another location you're going to have to pay someone to do your job.</p> <p>The costs of employing someone are:</p> <ul style="list-style-type: none">• Their gross pay• Employer's National Insurance (around 10% of gross pay)• Employer's Liability Insurance premiums• Employees expenses while doing their job• Other benefits you want to give and/or the employee expects <p>Remember that your employee gets paid before you so if you make £2,000 profit for the month and your employee's pay is £2,000 per month then your pay is NIL! As a rule of thumb if you can get an employee to do what you do for one fifth (20%) of net profit then consider duplication. So if your profit is £100k without an employee and you can get an employee for £20k p.a. then duplicate. If your profit is £50k</p>



	<p>then forget it. Focus on building your profit to £100k before duplicating.</p>
<p>Obtain market research data</p>	<p>First consider how you want to segment the market. The obvious ways you can carve up a market is by:</p> <ul style="list-style-type: none"> • Geographical – Can you sell to outside of your area or is your product or service sales restricted to only that area. So a shop that sells Liverpool FC merchandise really can only trade in Liverpool itself whereas a sportswear retailer can trade all over the UK. • Age – If your product or service is aimed at a certain age range consider whether you can you sell a similar product or service to outside of that age range. JD Weatherspoon pubs, a successful pub chain, are aimed at the over aged 30 drinkers. They have now started a wine bar chain, Lloyds, that caters for the age 18-30 drinkers. It wouldn't surprise me if they think of something for the over age 50 drinkers! <p>But there are more subtle ways to carve up the market. Consider:</p> <ul style="list-style-type: none"> • Social Class – If your product or service is aimed at a certain class of people then consider if you can take that idea to a different class. So if you had a home delivery food service aimed at the lower working class i.e. burgers, chips etc then consider adding a range of



	<p>dishes that bit better i.e. pasta, paella etc. so it appeals to the middle class.</p> <p>Once you have identified the market you wish to attack then do some test marketing if possible. Don't just jump in straight away thinking that it will work because it works in the market you are currently in. The type of data you should be able to get are:</p> <ul style="list-style-type: none"> • People's opinions on your idea in that market • Existence of competitors and their pricing • Costs relating to being in that market i.e. rent, rates, wage costs • Internet & Library information on that segment of the market <p>You will never have enough data to be fully sure that moving into this new market will be profitable. You simply have to take the plunge at sometime. But the more data you can gather through talking to people, seeking out your competitors, scanning the local press and the internet the better chance you'll have of avoiding costly mistakes.</p>
Train up staff	<p>Depending on the type of business you have will determine the level of training you'll need to give to any potential employees. One thing is for sure though - they will need some form of training. Do not even consider sending them to any kind of day course, college or residential training programme. You are a small player. This is what larger, more established companies do – not you!</p>



	<p>The best person to teach them the job is you. I would say that the reason why someone does a good job is due to training AND experience in the ratio of 20:80 respectively. So training is a key part of the process but so is experience – allowing the employee to make their own mistakes. See below.</p>
Delegate well	<p>No one can ever do all what you do as well as you. You have to accept this. There will be errors made by the people you have delegated to. The reason for the errors will be sometimes down to you and sometimes down to them – but it doesn't matter whose fault it is as long as lessons are learnt.</p> <p>You must have reasonable expectations of your delegates. They could be new to the whole business and be inexperienced. As long as your delegates are:</p> <ul style="list-style-type: none">• Loyal and trustworthy• Hard-working• Have the intelligence to do the job <p>then they have the capacity to take your business very far.</p> <p>I employ a rent collector. He is very trustworthy, loyal, hard working and more than able to do the job. He makes mistakes here and there like we all do. But I have a reasonable expectation of him. However, he consistently surpasses my expectations (which is great!) but then</p>



	<p>sometimes I forget to be reasonable and expect the earth and more from him! Try and identify employees that have the three attributes mentioned above and keep hold of them. If you stay loyal to them they will stay loyal to you.</p>
<p>Adjust to the new skill requirements from yourself</p>	<p>The transition from being a one man band to employing several people is a big one. You have to let go of some skills and replace them with another. Skills that you should let go of are:</p> <ul style="list-style-type: none"> • day to day operational activities – things like admin, individual customer queries, cleaning and anything else that can be done that doesn't require much thought power or skill. You need to put a value on an hour's worth of your time. If an hour spent with a prospective customer can generate £500 worth of profit then evaluate it to the cost of £7 per hour for an employee doing a day to day activity – it's a simple case of maths! <p>Skills you should be focusing on are:</p> <ul style="list-style-type: none"> • Choosing the right employees – a business' success is dependant on the people that work for them. If you have the skill of picking the best employees such as a book keeper, manager, sales person and technical person then you have won half the battle. The skill of recognising talent will ensure your success.



	<ul style="list-style-type: none"> • Choosing new markets – the success of your business requires you to know where’s a good deal and where isn’t. Not only does your own livelihood depend on it but your employees’ livelihood too. Over time your ability to assess risk will be the most important skill you will acquire. Its this ability that separates you from the layman in your chosen field. • Raising Finance – a business’ ability to raise finance and deal with the financiers will ensure that you’ll never go bankrupt. • Being the face of the business – to grow the business requires you to be the best promotional tool there is. So if you can home in on tricks you know of to gain further business then perfect them! This will involve meeting the decision makers of your customers and suppliers. • Motivating your workforce – you have to be able to manage your staff and this means getting the most from them. The granting of responsibility, the paying of bonuses and treating them with respect is key. John Cauldwell, the boss of Phones4U, hit the press by making the top 10 branch managers millionaires by paying them a £1m bonus due to a staggering year of business as a result of their hard work.
<p>Create & implement control procedures</p>	<p>If you do manage to duplicate then you will need to create and implement procedures that:</p>



	<ul style="list-style-type: none"> • Control cash outflow so that you receive all the cash that is generated from your business and not spent on bogus expenses. • Ensure that all the cash resulting from a sale is recorded and collected so that fraud or theft cannot occur. • Make sure that all laws are being followed surrounding your business including employment law. All this can be found from any good business book.
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ii) DIVERSIFY

To diversify means to do a business that is different to the one that you are actually doing. The beauty of diversification is that it lowers your overall exposure to business risk. This is because you are not dependant on one market. So for example if you only sold luxury items such as fine wines or cherished registration number plates then you are exposed to the general state of the economy. If we were to go into a recession the demand for such items will only diminish until we recover thus potentially putting you out of business.

In my example I have the following businesses that function, as much as they can, independently from each other:

Business	Factors affecting its success	Justification for having such a business
Accountancy practice	You always need an accountant. There are little factors that will make the role of an accountant redundant.	I trained as an accountant so to get my own practice seemed the most logical thing to do. It also provides a steady income thus

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		forming a foundation to all my other businesses.
Nightclub & Bar	The general state of the economy may affect the amount of disposable income customers have to spend on going out.	I spent a lot of my time DJ'ing when I was younger so I had an understanding of the business. I am now understanding there's a lot more than just DJ'ing in the nightclub business! The returns to be had from a nightclub are massive if you get it right. This business is my high risk entry.
Property business	People always need somewhere to live. If interest rates were to rise then my profitability would go down.	This was my first business and I had already identified the supremacy of property above all other investments. It is relatively low risk and provides me with a solid income irrelevant to the state of the economy.
Cherished number plate business	The general state of the economy may affect the amount of disposable income customers have to spend on luxury items.	I had an interest in these goods. I started this business due to my knowledge of what I thought would sell as well as increasing my overall spread of business interests.
Book writing	The general state of the economy may affect the amount of disposable income customers have to spend	This is something I love to do but happen to get paid for it. If I could find more of these businesses then I would do



	discretionary items such as books. Also the internet does pose a threat (albeit a small one) to overall book sales.	them! Its passive income. Once the book is written then you receive regular royalty cheques for a long period of time even though you do not do anything during this time.
Consultancy	Businesses always need a consultant. There are little factors that will make the role of a consultant redundant.	I like to meet and chat to new people – so why not get paid for it! Please check out my services at the end of this book.
Websites	The website market is a highly competitive one as the barriers of entry are low. It is easy to conceive that a rival website could threaten yours.	Technology really excites me. The possibility of becoming a millionaire very quickly, with minimal investment and with a simple but effective idea keeps me knocking on that world wide web door! This is a low risk entry business with huge possible returns.

All of these businesses were formed by repeating the following steps detailed in this book:

1. STEP 3 – decide what to do and identify the right business for you
2. STEP 5 - get started and implement the business of your choice
3. STEP 6 - don't give up and persevere.

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So once you've set up a business that's making money then look into doing something that's different. Don't put all your eggs in one basket. I know of many start-up entrepreneurs that put everything in to one idea. Okay some make it and do make a lot of money but the majority go down at some point. Nothing lasts forever! You need to mix and match as much as you can.

Keep abreast of several markets that interest you. Scan the newspapers, talk to people that own their own business, talk to customers, suppliers, competitors (if you can!) and whoever else that is doing business. Do not be afraid of asking direct questions about what they're doing. You'll be surprised how upfront some people will be. I am very upfront about what I do. The reason being that I hope they'll join me! I want to collaborate with others so that we can take the idea further.

Apart From D&D (Duplication or Diversification)

Another way to increase cash inflow, but is less exciting, is to control business expenditure – more precisely the overheads of the business. The effect of this can be major or minimal depending on how profitable you are. If you're making £200,000 per year and you reduce overheads by £10,000 then its no big deal. But if you're making a £5,000 loss per year and you reduce overheads by £10,000 per year then it is a big deal – as you go from making a loss to a profit of £5,000.

Fixed overheads to consider when looking to reduce business expenses are:

Overhead	Ways to reduce
Rent	Talk to your landlord. If you're in a long term lease then it may not be so possible but if your lease is due up for renewal and you've been a good tenant then tell them you want a reduction.



Wages	Are you getting the best out of your employees. What about sub-contracting and only paying for work done rather than having the fixed cost of an employee.
Telephone	Consider switching networks, taking advantage of deals or other promotions that keep your phone bill right down.
Interest cost	If you've got borrowings then shop around for a better interest rate. Depending on your borrowings and the payback period moving lender can have a dramatic effect on the repayments.
Bank charges	There are many banks offering free business banking for the first year. Even better than that is banking with a bank like mine that never charges you. This is because they do not offer business banking so they just accept your banking activities as personal banking.

2.CONTROLLING CASH OUTFLOW (Personal)

If this is this last lesson I teach you then let it be the one that lasts with you. I could go out now and buy myself a brand new top of the range Bentley coupe AND an Aston Martin. So why don't I go out and buy them? The first reason, and the golden rule, is:

'I WILL SPEND MY INCOME NOT MY CAPITAL'

So how do you identify the difference between income and capital? I use this basic rule:

CAPITAL – this is an amount of money that can be invested to return an income

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INCOME – this is an amount of money earned as a result of an investment made

What you deem to be capital is based on your personal circumstances and what you are willing to sacrifice now to invest for the future. For me, a sum greater than £1,000 is a suitable amount to invest. But even £10 is worth investing – it depends on your circumstances.

When I started my first job I earned £14,000 per year. I spent about £7,000 on my living expenses and I would invest the other £7,000, about £600 per month. Over the 5 years I worked this consistent £7,000 investment of my salary (total £35,000) now returns me an annual income in excess of £200,000 per year. As a result of this I was able to buy 5 properties in 3 years to return me an income so I could leave my job. During the next 4 years after leaving my job I was able to buy a further 65 properties. I will buy these cars when I earn enough so it does not threaten my lifestyle. This means when the total HP payment on both of these cars is less than 5% of my disposable income.

The second reason is because I know that my income will be irregular. It may even be a loss for certain months. Its no good having liabilities such as a large repair bill for a fancy car when you could be using this money to fund your business through the hard times. As a rule of thumb I spend only 30% of my profit generated from my business on everything I need. So if your business generates £3,000 per month then spend only £900 per month. This means that £2,100 is saved for the hard times if necessary or for future investment. Typical expenditures you should avoid unless you are sure you can meet their payments are:

- Mortgage payments for a house beyond your means
- HP payments for a car that you struggle to even get a service for
- Personal loans for personal expenditure for such things as holidays, clothes and high street goods

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In other words avoid buying liabilities. That is buying goods where you have to pay for them over a long period of time. This only serves to increase your fixed costs and thus the risk of bankruptcy. Then you have to go back to Step 2 – Live Like A Pauper and look at ways of minimising these costs which can be a difficult thing to do once you've become accustomed to this lifestyle.

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Author's Services

If you need help in leaving the rat race then the author offers a consultancy service to steer you in the right direction. He charges £399 per consultation and can help you with all or some of the steps detailed in this book. If you're interested then contact him at:

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