

Relationships

Maintaining good relationships with a host of people is very important for an entrepreneur. No one can do it all alone, and this is especially true for a small business owner. As an entrepreneur you will be working with a number of different people and organizations. It will be important for you to understand the people and their organizations as well as the benefits that you provide to them. You will most likely need a bank to work with, an insurance agent, an accountant, and possibly an attorney, at least occasionally. In addition to these individuals you may also be dealing with advertising reps, suppliers, utility companies, internet service providers etc. It is important for you to understand that your business is a customer to all of these people. As your business grows it may become a larger and larger customer and greater source of business for some of the above organizations.

When we first started our rental property business, we only owned one rental property and therefore were not that attractive to insurance companies. We were a small account. When we recently performed an audit of our insurance we started noticing how our insurance needs had grown over the years and how much more attractive we had become to insurance companies because we now represented a much larger account. Insurance companies were now much more interested in gaining our business because there was more money to be made. We had grown from one property with four units to six properties with seventy-five units, a vehicle and some landscaping equipment. By realizing the greater opportunity our business represented to the insurance companies we were able to have them compete for our business and the result was more competitive bids and better rates for our business because we were now a big enough account that we had become much more desirable to them.

The same principle now also applies to our relationship with banks. As our business has grown, we have become a much more desirable customer to banks and they now compete for our business, which increases our options and results in better rates and terms on the purchase of equipment and property for our business. As your business grows, recognize the growing importance of the business in the eyes of banks, insurance agencies, attorneys, etc. Your growth provides them the opportunity to land a larger client with a bigger account. Use that growth and increased desirability to increase your options and gain leverage as you negotiate terms of service. Just as your business works hard to take care of its best and largest customers, other businesses should work hard to take care of you as your business grows and you become a larger and more desirable customer. Make sure that you understand and use that leverage to negotiate the best possible opportunities for your business.