

# So You Want to Start a Water Business...



By Greg Reyneke

Getting your business off the ground with the help of dealer networks

**O**wning your own business is as much a part of the American collective psyche as buying a house and eating apple pie. Every year, hundreds of thousands of people start their own businesses, brimming with entrepreneurial excitement, and the water treatment industry is no different.

As a consultant, one of my favorite exercises to perform with entrepreneurs is to evaluate the six fundamentals of startup success. These fundamentals help me—and, most importantly, budding entrepreneurs—envision their potential for success while highlighting potential deficiencies, and then develop a strong business plan.

**Money.** A 2009 study conducted by the Ewing Marion Kauffman Foundation gauged the average cost of starting a new business from scratch at slightly more than \$30,000—and that does not even begin to assess the emotional stressors and family burdens that come with the uncertainties of entrepreneurship. Further funding is required for ongoing advertising, operational expenses, insurance, vehicles, fuel, etc. Something many prospective dealers also forget about is the money needed to facilitate equipment rentals and financing.

**Time.** Entrepreneurs initially work much harder and for significantly longer than regular employees or those lucky few who inherit a business. The reward for this hard work, if properly executed, is a lifestyle that few others can enjoy. You and your significant other should understand and commit to the fact that your business will require a significant investment of your time for it to succeed.

**Team.** Going it alone is admirable, but you will soon realize that a healthy support structure is extremely beneficial. Every water dealership benefits from a healthy peer network, trusted advisors and reputable vendors. Surround yourself with positive people who want to see you succeed; avoid those who crush your dreams or focus on failure. When it is

time to hire employees, the same general guidelines apply.

**Knowledge.** Read, watch and practice to improve your knowledge of water quality and the water industry, as well as business in general. Membership in the Water Quality Assn., as well as local industry groups, will keep you abreast of the latest trends while exposing you to like-minded business owners. Trade magazines also provide a wealth of free information and facilitate opportunities to evaluate current affairs.

**Products & Services.** You are in business to make a profit. Read that again—it is true, even though it will not always feel like it. The only way to make a profit is to sell products and services that cost you less than you charge for them. Many people are vying for your prospects' money these days, and it is important to differentiate yourself from everyone else by offering products that will work for local water conditions and help you do a better job. The worst thing to be in today's economy is "another brown dog in a brown dog fight." Your offerings should be unique and significantly different from your competitors to help your prospective clients choose your company to solve their water quality problems.

Along with diversity, a successful business model demands dependability—your products should work, and they should work well. Your vendors can help you develop an effective preventive maintenance program to keep things running smoothly. When failures do happen, you need to have the internal and vendor-based resources to make things right for your customers.

**Customers.** Even with the finest goods and services to offer, your business will undoubtedly fail unless you learn how to attract and keep customers. In addition, you must keep them continuously engaged with your company so that you can continue to help them enjoy the water quality they deserve while also keeping your competitors at bay.

## Franchising & Dealer Networks

One of the simplest ways to succeed in the water quality improvement industry is to participate in either franchised or independent dealer networks, each of which has strengths and weaknesses that attract different personalities, budgets and skill sets.

Franchising is essentially buying access to someone else's business model with license to use their branding, trademarks, advertising, products and other unique marketplace benefits. Franchise organizations usually charge an initial fee and then receive a small percentage of your operating income as royalties. The strength (and weakness, according to some critics) of franchises is the relatively strict set of rules regarding the operation of your business: Everything from advertising to sales presentations—even how you dress—is subject to restrictions and rules. The rules can be helpful if properly applied and supported, however.

Dealer networks are similar to franchises, but typically are free of the associated fees and restrictions, taking a more laissez-faire approach to business. The freedom offered by dealer networks can be both liberating and frustrating, depending on your personality, skill set and the capability of the network and its account managers.

The most obvious advantages of franchises and independent branded dealer networks are:

**Business Assistance.** The largest benefit of buying into a franchise is the turnkey business assistance available. Most franchises and some dealer networks provide tools like operations manuals, motivational seminars, mentoring, business consulting and even legal guidance.

**Branding.** Franchisers and OEM brand managers spend millions of dollars developing, promoting and preserving their brands. You can benefit significantly by leveraging the power and presence of their brands to promote your business and make it easier for your prospects to trust you.

### Proprietary Products & Services.

Good franchise organizations and branded dealer networks invest significant amounts of money and time into the research, development, procurement and refinement of technologies that make it easier for you to solve water quality problems, maintain systems and prevail over your competitors. In addition to innovative water products, they will provide you with methods and procedures to perform preventive maintenance, disinfect systems, replace filters, augment media and even update operating software on compatible systems.

**Financing.** Many of today's consumers expect financing to be available for large-ticket purchases, and businesses often prefer to lease their processing equipment instead of purchasing. Valuable sales could be lost if you do not have sufficient financing available to help your customers afford your products. Inventory financing also is available through some organizations.

**Advertising Assistance.** Corporate marketing experts will usually be available to assist in creating a marketing plan and even provide creative guidance for your local efforts. Broadcast-ready TV and radio spots, direct mail pieces and sales support material, Yellow Pages ads, and retail newspaper ad slicks often are available for your use. Some groups also will provide matching funds or in-kind compensation to help you with your advertising and promotion efforts.

**Buying Power.** You and other dealers/franchisees will comprise a powerful buying block, and many opportunities exist to secure discounts and preferential service from vendors across the business spectrum. These benefits can amount to many thousands of dollars of savings every year for your business.

**Reputation.** When you affiliate yourself with other legitimate peers, you collectively share reputation and credibility. Perform due diligence to learn the reputation of the franchise or dealer network opportunity. While collective reputation is usually great, occasional bad apples can bring collective damage, and it is crucial to see how the franchise or dealer network mitigates these liabilities.

**Support.** This is where the rubber truly meets the road, because how your vendors support you affects your ability to support your customers. Good franchise and independent dealer groups not only will provide good literature and manuals, but also will facilitate ways

to teach you how to solve any equipment and environmental issues you will encounter as you build your business.

In this uncertain economic climate, it takes courage and imagination to start a new business. You deserve to succeed, and with the

appropriate effort, discipline and support, you can be successful. Dare to dream, and dare to succeed. *wgp*

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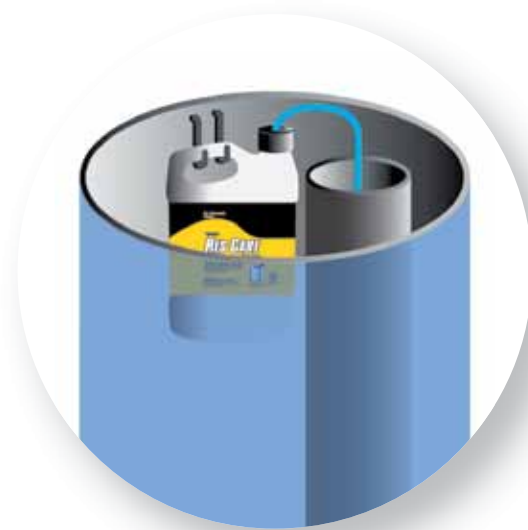
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