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THE KNACK
How Street-Smart Entrepreneurs Learn to Handle Whatever Comes Up
by Norm Brodsky and Bo Burlingham

“Encouraging, succinct and informative, this is an excellent guide for anyone looking to dive into a new business or expand an existing one.” – *Publishers Weekly*

“A lot of people starting out in business would prefer to have a step-by-step formula or a specific set of rules they could use to achieve their goals. The problem is, there aren’t any. Rather, there’s a way of thinking that allows someone to deal with many different situations and take advantage of many different opportunities as they arise.” So write Norm Brodsky and Bo Burlingham in their new book **THE KNACK: How Street-Smart Entrepreneurs Learn to Handle Whatever Comes Up**, to be published by Portfolio on October 2, 2008

Having “the knack” is critical for surviving and thriving during today’s downturn and has made all the difference to the eight successful start-ups of Norm Brodsky’s career. He explores this mind-set every month in *Inc.* magazine, in the hugely popular “Street Smarts” column he co-writes with Bo Burlingham. Now, in their book, Norm and Bo show small-business entrepreneurs how to deal with all kinds of tricky situations from asking investors for money to dealing with employee problems to deciding when to grow. Their advice includes:

- How relying on your receivables as your “inner bank” can help you survive today’s credit crisis
- What to do if customers stop paying bills on time
- How to protect yourself from the inevitability of creeping expenses

- How to retain customers when your competitors cut prices
- Why you must never confuse good sales with good cash flow
- Why having competitors is far better than being first to market
- Why the most impressive business plans are the least trustworthy
- Why a “sales mentality” is dangerous for business
- Why it’s better to have many small customers rather than fewer larger ones
- Why you should avoid socializing with employees outside the office
- Why it’s better to hire salespeople from outside your own industry
- How to judge if your business is viable

Readers will learn these and many other insights from Norm’s own stories of facing such challenges as discovering theft from a trusted employee, realizing when it was time to hand over management to his team, and rescuing his business from bankruptcy after trying in vain to grow it to \$100 million. We also meet Bobby and Helene Stone, the first of many entrepreneurs that Norm has personally mentored. He helps steer them from nothing to a \$3 million dollar business in just a matter of years by focusing their attention on all the critical factors that make a business healthy, from gross margins to cash flow. To broaden the experiences you’ll read about to entrepreneurs of all stripes, Norm and Bo have sprinkled the book with scores of their written responses to some of the most interesting business questions they’ve received from fans of their column. With engaging stories and invaluable insights learned from the trenches, Norm and Bo prove that business acumen is within anyone’s reach.

Norm Brodsky, the founder of CitiStorage and seven previous start-ups, is a three-time *Inc.* 500 honoree. He began writing his monthly *Inc.* column (with Bo) in 1995. He has appeared on MSNBC and other programs. He lives in Brooklyn, New York.

Bo Burlingham is an editor-at-large of *Inc.* He is the author of *Small Giants*, which was a finalist for the *Financial Times*/Goldman Sachs Business Book of the Year Award. He has appeared on The Today Show and other programs. He lives in Cambridge, Massachusetts.

ABOUT THE BOOK

THE KNACK: How Street-Smart Entrepreneurs Learn to Handle Whatever Comes Up
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For more information about the book and a special contest to win a mentoring day with Norm in New York, please visit www.theknack.info

Street-Smart Insights from THE KNACK

Control the sales mentality and balance it with a business mentality before it's too late.

Learn to anticipate and recognize the changes in your business by developing a good feel for the numbers.

It's good to have a lot of competitors because educating a market is a very expensive proposition.

The first business plan should be simple, and you should write it for yourself, not for potential investors.

Before you ask people for money, make sure you know how much they like to invest and what they're looking for.

Start early to build a relationship with a commercial banker and use an asset-based lender only if you can't get the money you need from a commercial bank.

Whenever you launch a new business, keep track of your monthly sales and gross margins by hand until you have a good feel for them.

More sales usually mean less cash flow. Figure out your future cash needs while you still have time to address them.

You probably won't discover your company's niche until after you've launched the business.

You're better off with a base of many small customers than with a few large ones.

Beware of the rules you make. They may inadvertently force your employees to provide poor service to customers.

Growing a business is a matter of choice. Before deciding to grow, make sure you know why you're doing it.

Your company's culture can be your most powerful tool for finding and keeping great employees. Don't miss the opportunities to shape it that arise everyday.

The one thing you can't delegate is the responsibility for making sure the company has a single culture, not several competing ones.

Expenses have a natural tendency to creep up over time. If you want to control them, you need to get everyone involved in the effort.

Look for opportunities to send the message to employees that you really care about them, and that you want them to care about keeping costs down.

Sales commissions cause divisions in a company and get in the way of building a team. Don't pay on commission unless you have to, and switch to salary plus bonus as soon as you can.

Accountants are good for explaining what has happened in the past, but don't go to them for business advice. Talk to an experienced business owner instead.

If you want salespeople to make good sales, teach them how your business makes money.