

How to Make Extra Money **FIXING RADIOS**

NATIONAL RADIO INSTITUTE, WASHINGTON, D. C.

No. 14 How To Start a Spare-Time
Service Business

RADIO SERVICING METHODS



NRI TRAINING

Pays...

Dear Mr. Smith:

About six months after I enrolled I started making money in Radio. Now I am doing part-time Radio work - I am farming, and just work on Radios evenings and stormy days. I am very thankful I enrolled with your school when I did, and only regret that I didn't do it several years before. By taking your Course in Radio I have made myself a very profitable spare time business.

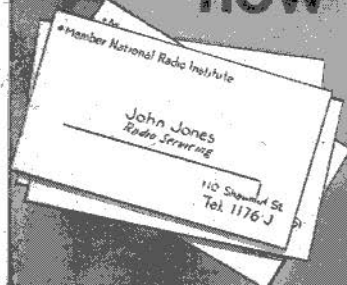
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**NATIONAL RADIO INSTITUTE
WASHINGTON, D. C.**

HOW TO START A SPARE-TIME SERVICE BUSINESS



THIS Booklet is intended for the man who wants to start a real business in spare-time servicing. If you look on radio more or less as a hobby, perhaps intending to service a few sets when you feel like it, but with no intention of carrying your servicing any further than that, you need no business information. But if you intend to make spare-time work a steady source of income—with an eye, perhaps, to an eventual full-time servicing job—you must learn a few simple business facts.

This Booklet gives you some of the information you need. It shows you what you need in the way of training and equipment to get started, how to get business, and how to handle it. Later Booklets will complete the picture of the business side of servicing.

ARE YOU READY?

Before you even consider starting a service business, you should ask yourself one question—"Do I have enough technical knowledge to be a serviceman?"

The radio training you have received so far makes you the equivalent of a good radio mechanic. That is, you know how to test parts and replace defective ones. You can, therefore, repair any radio that has a part defect, although it may take you quite a while to locate the defective part unless you are lucky. You have not yet learned, however, how to align (adjust) a receiver to correct the defects that are caused by improper adjustment of the tuned circuits, nor have you learned the quick, professional procedures for locating defects.

These are subjects for future RSM Booklets—things you will study when you have learned more about radio circuits and stages in your Course in Radio Fundamentals.

On the basis of your NRI training to date, then, you are now equipped to do the simplest service jobs. So, if you start a spare-time servicing business right now—*be careful in selecting your customers*. Do work for your relatives, friends, and acquaintances—people with whom you can be candid about your present abilities. Don't be afraid to tell them if the job is too much for you to handle right now. Since they know you, they will be ready to make allowances for the fact that you have not yet completed your training. Then, if you find the job is more than you can handle, your servicing reputation will not be harmed; your friends will realize that you will be able to do the job later on when you have progressed further in your studies.

Remember, though, that you can't expect a stranger to be as understanding. That's why you should do your first work for people who know you. Be sure you can handle every job you do accept, and do as good work as you can on each one. In that way, you'll get off on the right foot, and enjoy a good reputation among your customers.

GETTING PRACTICAL EXPERIENCE

Before you can advance much further as a serviceman, you must have some practical experience to round out your training in theory. There is a vast difference between reading about how to make a test and actually making the test. Even when you know all the theory involved, the only way you can locate and repair a defect with professional speed is to have done it several times before.

One way you might get the necessary experience would be to take any servicing job you could get—do the best you could on it—and depend on some friendly and experienced serviceman to rescue you if the job proved too tough. This is a possible way, but not a good one. For one thing, few servicemen are willing to help a potential competitor. And for another, the practice you

got would tend to be concentrated on the more common defects—you might have to service hundreds of sets before you got the all-around experience a real Radio-trician needs.

However, there is no need for you to try this difficult method of getting experience. The NRI Practical Training Plan will give you practical servicing experience on an actual receiver. You'll learn exactly how to make professional tests to track down all kinds of defects—and you'll learn them by doing them with your own hands on a real set. This Plan will be fully explained to you in RSM Booklets you will receive soon.

► We do not recommend that you try to get experience by starting work in some radio shop as an apprentice. This is not a good idea for two reasons: (1) you are not apt to learn much, and (2) the starting pay will be very small. If you enter a shop when you are still only part way through your NRI training, you will undoubtedly be expected to follow the service methods used by the shop owner. In many cases, these will not be nearly as good as the methods you will learn in your NRI Course. In fact, a student very often retards his progress rather than advances it if he attempts to get experience in a shop. Even if the shop owner is himself competent, he

TRAINING IN THEORY



+ PRACTICAL EXPERIENCE



= PROFESSIONAL ABILITY



will seldom have time to teach you much; remember, he is working for a living, and his time means money to him. He will expect you to assist him, to change parts, and in general to do the "dirty work" of servicing. You will be far better off to get your technical knowledge from your Course and gain experience from the NRI Practical Training Plan. Also, you will probably make far more in your own spare-time business than you could get working as an apprentice for someone else.

Of course, these words of caution about starting a servicing business apply to you only in your *present* state of training. If you study your Course and these Booklets carefully, it will not be long before you'll be able to service almost any job you may happen to get. When you have progressed that far, there will be no reason for you to lack confidence in your ability as a serviceman.

Whether you want to start your business at once or wait until you have had more training, now is the time to begin planning your spare-time business. This RSM Booklet will show you how to get started the right way. Other Booklets will give you details on how to charge for your work, how to plan a professional shop, and how to go into full-time servicing—all of them subjects that require too much description to be included here.

WHAT EQUIPMENT YOU NEED

When you go into spare-time servicing as a business, you will need a shop or place in which to work, right from the start. You will soon receive another RSM Booklet that will tell you how to set up a shop and equip it with the necessary workbench, storage shelves, and stock cabinet.

You will also need tools and test equipment before you can do much servicing. You will find a list of all the necessary tools in one of your earlier RSM Booklets; buy those described as basic tools when you are ready to start, and add others as you make enough profit out of your servicing to pay for them. Always buy the best tools you can afford—cheap tools are no economy.

The basic servicing instruments you need at the start are a multimeter and a signal generator. If you can af-

ford it, a tube tester will prove very handy; however, it may be possible for you to take the tubes to some store to have them tested if you do not wish to invest in a tube tester at once. The tester you built in your second Experimental Kit will be an adequate, serviceable test instrument for your bench work at first. However, since it is not easily carried, you will probably want to buy a commercial instrument in a carrying case before very long.

These instruments are all you actually need when you start servicing. However, you should get a signal tracer as soon as your servicing profits will pay for it, because a tracer will speed up your work considerably.

Basic Stock. You should have a certain amount of replacement stock in your shop. It is, of course, possible to service on a "hand-to-mouth" basis, buying parts only when you need them; however, you can complete repairs faster if you have a few of the most frequently used parts in your shop and replace them as you use them up. (Plan to invest the profit of your first jobs in equipment and supplies, and you will be enabled to earn greater profits on later jobs.) Table 1 shows a good basic stock.

► Besides these parts, you will need a fair assortment of tubes. The kind and quantity for you to get will depend to some extent upon your location. That is, if a.c.-

Table 1
BASIC STOCK OF RADIO SUPPLIES

Paper Condensers—six each of 600-volt condensers in these capacities: .001, .002, .005, .01, .02, .05, .10, .25, .50 (all capacities in mfd.).

Tubular Electrolytics—two 20-20 mfd., 150-volt with separate leads; one 10 to 100 mfd., 25-volt; two each of 450-volt condensers in these capacities: 8, 20, and 40 mfd.

Resistors—one kit each of $\frac{1}{2}$ -watt and 1-watt carbon resistors (these kits contain the sizes used most often).

Volume Controls—one kit of assorted controls.

Output Transformers—one universal, one a.c.-d.c. (designed to match 50L6 output tube to 6-ohm speaker).

Tubes—See text.

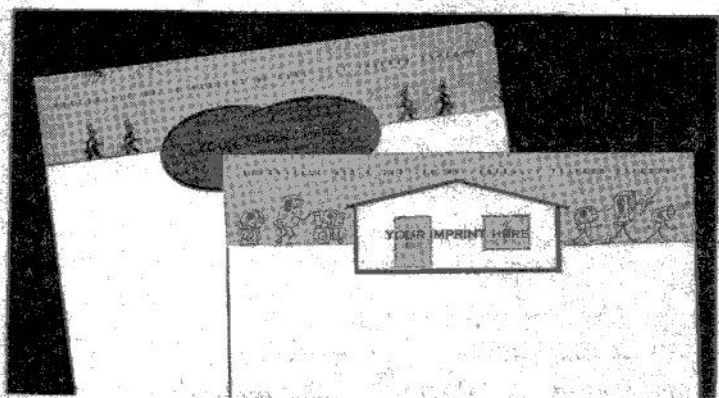
Miscellaneous—roll of rosin core solder, roll of friction tape, assortment of spaghetti (varnished cambric insulating tubing), tube of speaker cement, can of cement solvent, pilot lamps.

d.c. sets are the most common types in use around you, your tube assortment should feature tubes with 12, 25, 35, and 50-volt filament voltages. Or, if you are in a farm district, you may find that the 2-volt and 1.4-volt battery tubes are the ones most commonly used. If there is a wholesaler in your town, he can probably recommend a good basic tube assortment for you, based on his experience with other servicemen. If not, you will learn rather soon what kinds of tubes you need most. If there is no wholesaler near you, write to a mail-order wholesale house or directly to a tube manufacturer and ask what tubes are recommended for your locality.

► The assortment in Table 1 will give you the basic supplies you need to start a part-time business. Get other parts from your wholesaler or wholesale mail-order supply house only as you need them; do not stock other parts until experience shows that you need them often enough to justify it. Re-order stock items frequently enough so that you are never completely out of any one of them (or, in the case of one-of-a-kind items, as soon as you use the one you have).

If you are quite a distance from a wholesaler, or intend to buy exclusively from mail-order houses, we suggest you increase this basic stock by getting a larger and more varied stock of electrolytic condensers and $\frac{1}{2}$ -watt, 1-watt, and 10-watt resistors. (Remember, though, that electrolytic condensers have a *shelf* life of only about a year, so don't buy so many that you will have to throw them away.) Eventually, you might also stock two 5-inch PM speakers, and perhaps two universal replacement transformers with 6.3-volt filament windings. Get one with a 70-ma. output rating for 6- or 7-tube sets and one with a 90-ma. rating for 8- or 9-tube sets. (These are for emergency use only; you should use an exact duplicate replacement for a power transformer when you can. Finally, you might stock two 456-kc. standard replacement i.f. transformers. Get an input and an output transformer or a pair of general purpose transformers.

Remember—stock other materials only if you really need them. You are a serviceman, not a supply house; don't tie up too much of your money in stock.



Courtesy Sylvania Electric Products, Inc.

Tube companies will supply you with stationery imprinted with your name and address at prices far less than what a local printer would charge you. The illustration above shows two kinds of stationery supplied by Sylvania.

Where To Buy. It is no longer necessary for the serviceman to deal directly with numerous radio manufacturers to get a supply of parts. Today, you can deal with the local wholesale supply houses or with distributors that cover your area, or you can order from the mail-order supply houses. The names and addresses of wholesale supply houses and of parts distributors in your locality can be found in your local telephone book. Look in the classified section.

► If you do not know the names and addresses of the large mail-order supply houses, we will be glad to send you a list of them.

By dealing with a local wholesaler or with a mail-order house, you will automatically get a trade discount.

Business Supplies. A neat, well printed business letterhead is one of the first things you should get when you start a business. At the beginning, you won't need many—250 will last you a long time unless you use them also for submitting bills to your customers. A local job printer can make up your letterheads, or you can buy them by mail from one of the firms that advertise in mechanical magazines or from mail-order stores like Sears Roebuck and Montgomery Ward. Tube companies often offer, at very reasonable rates, business stationery imprinted with your name and their ad.

KEEP THIS CARD IN YOUR RADIO SET

For a limited time we are offering a free inspection of all radios in this neighborhood. This is being done so that we may get acquainted. We want you to know our service.

Though your set is in perfect order it should be checked periodically—just to make sure. Physical examinations help people keep fit—and radios are like that, too.

This service is free—there is no obligation. With our modern testing equipment, we can give you an accurate report on the condition of your set.

Just call Fairhaven 2-2563, telling us when our expert may call.

Fairhaven, Virginia

DON'S RADIO SERVICE

KEEP THIS CARD! IT WILL SAVE YOU MONEY

FIG. 1. Many of our students have found that a free offer like this is a good way of getting new business.

You can also get other business supplies from tube companies. These include business cards, billheads, stickers to put on tubes you have tested, price cards, repair tickets, prospect cards, service order pads, and record books. These are usually of good quality and very inexpensive. Of course, all carry an ad for the company that supplies them to you, so it is best for you to get such supplies from the company whose tubes you use.

Your wholesaler probably has a catalog of the sales aids available from different tube manufacturers, or you can secure such catalogs by writing directly to the manufacturers. We suggest you get one or more of these right away to see what is available. Remember, however, that you do not need everything shown. In fact, printed stationery and business cards, and perhaps billheads, are about all you need at the start. Later, you may find some of the other material useful.

Transportation. You should have a car or truck, or the use of one, to pick up and deliver sets. Sometimes it is possible to walk or use public transportation to make your service calls, but usually you have to carry too much equipment to make this practical. If you do not now have a car, plan to get one as soon as possible. In the meantime, see if you can arrange with someone who has a car to take you to and from your calls.

Telephone. You must have telephone service in your

shop. Most telephone companies insist that you have a business phone when you run a business, even in your own home. A business phone usually costs a little more than a private phone, but you get the advantage of being listed in the classified section of the phone book.

HOW TO GET BUSINESS

One of the first things you should do is to give your business a name. Naturally, the name should identify your business as a *radio repair* shop; for this reason, we suggest you keep away from such names as "Electronics Laboratory"—particularly since you are not starting a large, elaborate shop, but only a spare-time business. Keep the name simple. You might use something like: "Bluffton Radio Repair Shop"; "Jones Radio Fix-It Shop"; "Uptown Radio Service Shop"; "Sam the Radio Man"; or some other name that shows what your business is.

Should You Advertise? Generally speaking, your best single ad is a satisfied customer. A man for whom you have done a good job is very apt to recommend you to his friends. A personal recommendation of that kind is almost sure to get you business.

► Since you will have a business phone, you will, as we said, automatically be listed in the classified section of your telephone book as a radio serviceman. This classified section is a real business-getter for servicemen, because it is the first place most people turn to when they want service. Just being listed there is helpful, but you will probably get considerably more business if you take at least a small display ad in that section. (The telephone company will be glad to help you write it.)

► Other forms of advertising are something you should consider only after you have made a fairly good start. You might experiment with circulars and direct mail advertising to find out whether they are profitable for you. When you are just starting out, or when you are entering a new territory, you may find that a free-inspection offer along the lines of the one shown in Fig. 1 will bring results. These offers can be printed on post cards and mailed to the people near your shop, or can be distributed from door to door. (If you distribute ad-

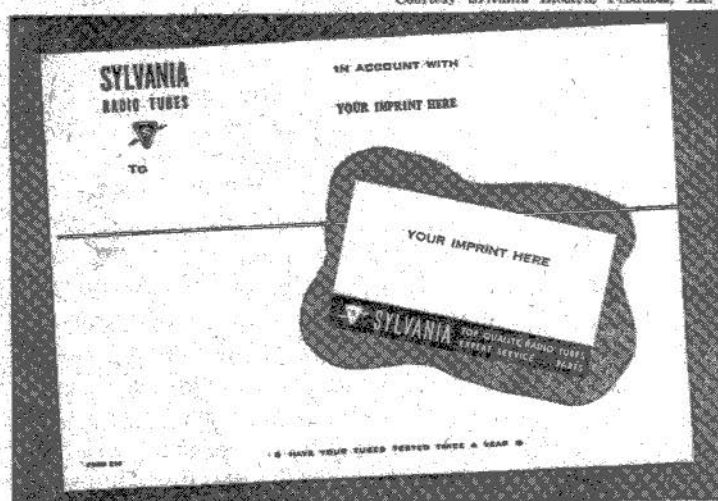
vertising matter from door-to-door, don't put it in the mail boxes. It is illegal for anyone but the postman to put anything in these boxes.) If you make such a free offer, be sure to limit it to a brief period—say two weeks or a month. Remember, it is purely an introductory offer; we do not advise you to give free inspection service as a regular thing.

► If you are a good salesman, you may find it profitable to make a personal canvass of the neighborhood near your shop. If you attempt this, be sure to have a short sales talk prepared in advance; introduce yourself, say that you are starting a radio servicing business in the vicinity, and ask that you be allowed to fix the radio when it goes out of order. Be sure to leave a business card as a reminder of your name and address, since you will seldom get business at the moment you call. If the prospect will permit you to do so, place your card inside the back of the set where he can find it when the set needs servicing. Choose your canvassing time carefully; don't call around meal times, or at any time that the prospect seems to have company.

If you are not the salesman type and find door-to-door canvassing difficult, don't attempt it. A poor impression caused by a stumbling sales talk can do you more harm

Billheads and business cards are also furnished to servicemen by tube manufacturers at very low cost.

Courtesy Sylvania Electric Products, Inc.



than good, since it is apt to make a prospect feel that you might do an equally poor job on his radio. Of course, it is no reflection upon you if you find it difficult to meet the public; that is true of a great many technical men. If you are one of them, you will be wise to start building up your business through mail advertising instead.

► Your personal appearance is one thing you must always keep in mind when you are in business, whether or not you use door-to-door canvassing as part of your business-getting methods. People very often accept you at your own valuation: look and dress like a back-alley mechanic, and that is what they will consider you to be; have the neat, clean appearance of a successful business man, and you'll be accepted as such. Don't overdress, however. Wear a plain business suit outside the shop. To protect your clothes, wear a shop coat or jacket when you are at the bench.

► Good manners are just as important as a good appearance. If you feel ill-tempered and out of sorts, be careful not to let your customers know it. Be courteous always; never attempt to be high-hat with a customer; never argue with one. It is unprofitable to win an argument if it loses you a customer. On the other hand, you'll do well not to be too much of a "glad-hander"—many people resent that just as much as they resent surliness.

► The appearance of your shop is also something to consider. Some, at least, of your customers will see it from time to time, and you should be careful to have it in as good condition as possible. A neat, orderly shop does much to prejudice a customer in your favor and make him consider you a real professional.

HOW TO HANDLE BUSINESS

There are two general ways of handling a spare-time service business. One is to have the customer deliver the set to your shop and pick it up when it is finished. This is an ideal system, but you won't very often get customers to do it except on midget or portable receivers.

More usually, you will pick up the set at the home of the customer, take it to your shop, repair it, and then return it to the customer. When the repair to be made is slight—the replacement of a tube or some other minor

repair—you can do the work in the customer's home. But if the job requires much work, by all means take the set to your shop unless the distance between the shop and the location of the receiver is too great. It is difficult to make any major repairs in the customer's home, as you can well imagine.

If you are servicing at night after spending a day on a regular job, you will have to budget your time carefully to get much done. When you have several jobs to do at a time, try to arrange things so that you pick up sets one night, repair them the next, and return them the third. This will enable you to do a much greater volume of business than you can handle if you bring each set back to the shop, repair it, and return it before you go on to another one.

► You should have someone (a relative, perhaps) in your shop to take calls for you while you are out picking up and delivering sets. Whoever does this for you should be courteous—remember, most of your customers will make their first contact with your business over the telephone. If the impression made is unfavorable, very likely the prospect will call someone else. The person answering the phone should find out where the set is, the nature of the complaint, the make, the model number (if the customer knows it—most do not), and when it will be convenient for you to check the set. If possible, a definite appointment should be made, or at least a time should be set when you can call back to make the appointment yourself.

When you are out picking up or delivering sets, call your shop from time to time to see if any service calls have come in during your absence. Use a public phone to do so—not a customer's. Although most customers will allow you to use the phone if you ask, many of them do not like it. Better use a nickel and save a customer.

Of course, what we said about courtesy in answering phone calls applies to you as well as to anyone who may answer your phone in your absence. You will do well to develop a good "telephone voice." Have two or three friends criticize the way you speak over the phone, and correct the faults they agree on. Be sure your voice is clear and distinct; if people often ask you to repeat

something you have just said over the phone, train yourself to speak more clearly.

GUARANTEEING YOUR WORK

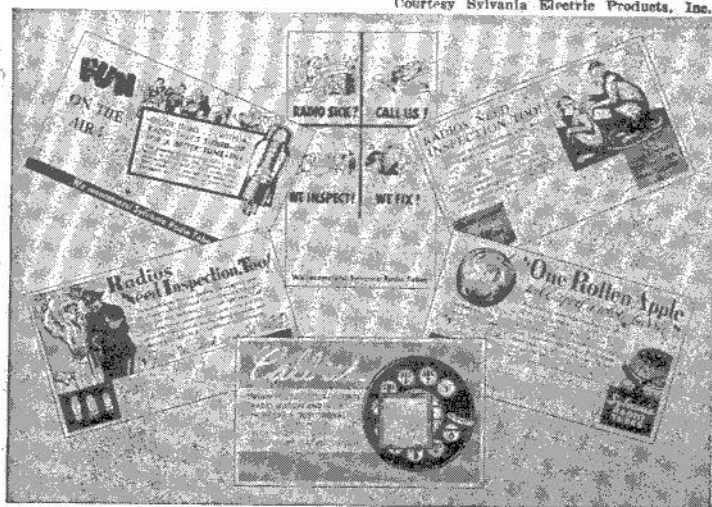
Servicemen differ in the guarantees they give their customers. A few don't guarantee anything unless the customer insists on it. Most voluntarily guarantee their own work (but not the whole set) for a short period—usually ninety days. Others guarantee the whole set for thirty, sixty, or ninety days.

Legally, you are not forced to make any guarantee, but making one is often a good sales feature. Many customers have had unhappy experiences with sets that were repaired one day and broke down the next. The fact that you guarantee your work helps give such customers more faith in you.

What you do about a guarantee will depend at first on how much you have learned about fixing radios. It would be foolish for you to guarantee the whole radio until you have learned how to spot parts that are apt to become defective soon. Once you have learned to do so—in other words, when you have become a professional serviceman—you would do well to guarantee the

These printed postcards are examples of advertising literature furnished by tube manufacturers. Advertising folders and mats for newspaper ads are also available.

Courtesy Sylvania Electric Products, Inc.



COMPLETE RADIO SERVICE

WE RECOMMEND
SYLVANIA
RADIO TUBES



Courtesy Sylvania Electric Products, Inc.

This is a weatherproof banner for display use. Other display items, such as window transparencies, dummy cartons, etc., are also offered by tube manufacturers.

whole set rather than just the part you work on.

► There are several reasons for giving a complete guarantee instead of just a partial one. For one thing, a customer almost invariably assumes that any defect that occurs in a radio after you have serviced it is your fault. If the defect is not your fault, and you refuse to repair it free, you will probably lose a customer. On the other hand, if you say the defect is not your fault and repair it anyway, the customer will believe that you must have been wrong or you would not have repaired it. You can't win in either case.

However, if you guarantee the whole receiver, the customer usually doesn't care whether the defect is your fault or not. He knows that you will repair it anyway, and, as long as you do so promptly, he will have no hard feelings toward you. However, you should always be careful to point out that the defect was not caused by your work, but by some part that proved defective without any previous indication that it was going to.

You should make such an over-all guarantee only if the customer allows you to make all necessary repairs to the set. This means: (1) that he lets you replace any part that seems to be liable to break down within the guarantee period, and (2) that no other serviceman is allowed to work on the set during the guarantee period.

Naturally, it will cost him somewhat more to have you check the whole receiver for actual or possible defects than to have you fix just the part that is causing trouble at the moment.

Unfortunately, many customers are unwilling to spend more than is absolutely necessary to get the radio playing again. You should attempt to convince such a customer that he will be better off in the long run to allow you to check the radio thoroughly; in fact, you will do well to give some time and thought to working up a sales talk on this point. If the customer cannot be convinced, all you can afford to do is guarantee the work you have done. Never guarantee the whole radio in such a case—you will very often lose money by doing so. Only the most unreasonable customer would expect you to guarantee a whole set without checking it.

► You will soon get an RSM Booklet that will show you how to figure out what to charge a customer. That Booklet will take up the question of how much a full guarantee costs you—that is, how often you will be obliged to give free service because you have guaranteed operation of the set for a certain length of time. Of course, how many “call-backs” you have on a job depends chiefly on how well you do the job in the first place; you should not give any guarantee except on your own work until you have had enough training and experience to be an accomplished serviceman.

When you do guarantee a set, make it clear to the customer that your guarantee does not include tubes. There is no way for you to know how long a tube will last, so you will just be losing money if you do guarantee them. However, you can point out to the customer that new tubes themselves carry a guarantee—usually for ninety days.

KEEPING RECORDS

There are three kinds of records you should keep as a spare-time business man. You should have a record of your income and expenses, a record of the work you have done, and a record of your customers. We'll discuss each of these in order.

Financial Records. You need a record of the finances

of your business—its income and its expenses—both so that you can make your income tax reports properly and so that you can know how much money you are making from your business. Right now, when you are just starting a servicing business, this record can be very simple. You can keep it in any notebook you happen to have, or you can buy a journal-ruled account or "cash" book in any five and ten cent store. Head one page "Income," head another "Expenses," and make suitable entries on the pages each time you receive income or incur expenses. For example, each time you are paid for repairing a set, enter the amount you receive for the job on the page headed "Income." At the same time, enter any amount you pay for parts on the page marked "Expenses." Of course, you should date each entry and make some note of what it is for—"Parts," "Rent," "Received from Mr. Jones," etc. Just be sure you enter *all* income and *all* expenses connected with this business on these pages, and you will have an adequate record as far as your income taxes are concerned.

A simple bookkeeping system of this kind is good enough at the start. Later you will probably want to keep more detailed records that will show you the same facts, but present them in a form that is more convenient when you want to analyze the operation of your business. You will learn more about these other forms in later Booklets and Lessons.

Job Records. You will want to keep a record of each job you do. The easiest way to do this is to make a carbon copy of each bill you submit to a customer. Present the original to the customer, and retain the carbon for your file. On the back of the copy you keep, note the cost to you of the parts used and the number of hours you worked. *Do not put this information on the customer's bill, however.* Keep all carbon copies in some convenient place where you can get at them when you want them.

We will not go into the subject of bills any further here. A later Booklet will tell you how to make charges.

Customer Records. Finally, you should keep a record of your customers. A convenient form for doing this is shown in Fig. 2. The regular 3" by 5" file card, sold by all stationers and five and ten cent stores, is fine for

Name _____ Tel. No. _____
Address _____ First Call _____
Set Maker _____ Model _____ Type _____
Tubes _____

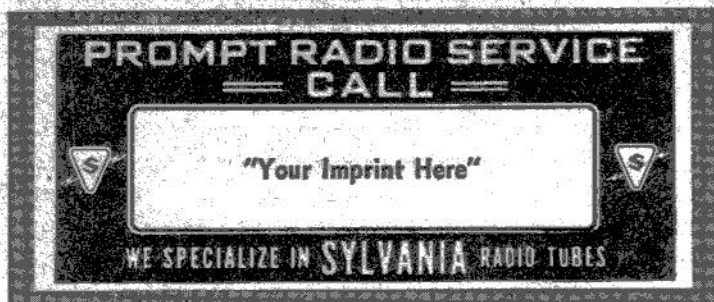
FIG. 2. You can have cards printed up in this form for your customer file, or you can type the headings yourself. Use the blank space for recording service calls.

making such a record. List on the card the name and address of the customer, his phone number, the date of your first call, the make and model number of his set, the type of set (a.c., a.c.-d.c., d.c., battery, portable, auto), and the tubes used in it. If you have a diagram and other service information for this particular receiver, it will be unnecessary for you to list tubes; in this case, note on the card that you have the diagram.

Make up a card like this for each of your customers; if a customer has more than one set, make up a card for each set. This file will prove valuable to you in several ways. For one thing, such a record of your customers will be handy if you decide to use mail advertising. Furthermore, when you receive a repeat call from a customer, you will be able to find out from your records what set he has, what tubes are in it, and what previous defects it has had. You will then be better prepared to service the set when you arrive at the customer's home, or at least better equipped to estimate what is the matter with it.

YOUR PAY AND PROFITS

There is one rule you must always follow if your business is to grow. You must keep your business finances separate from your personal finances. If you simply



Courtesy Sylvania Electric Products, Inc.

Many servicemen fasten a service sticker like this to the back of each chassis they repair. Tube manufacturers furnish them at low cost in rolls of one or two thousand.

pocket everything you receive in payment for your services, you will have a source of income, but you will not have a business.

The right way to treat a business is to consider that you are working for it, just as if it were owned by someone else. This means that your salary must be listed as a business expense like rent, replacement of test equipment, upkeep of your car, etc. However, to get your business off to a good start, you should charge only a very small salary for yourself at the beginning. In fact, you will do well not to draw any salary at all for a while. Instead, leave the money in the business until a reasonable cash reserve is built up.

Such a cash reserve is absolutely necessary to a business. It represents money that can be used to meet unexpected expenses and to buy parts and equipment you will need for expansion. The more money you allow the cash reserve to accumulate, the better the financial health of your business will be.

When the reserve is large enough to take care of anything you are apt to use it for, draw a reasonable salary from the business each month. Make sure you do not draw so much that the business loses money in any month. This will allow the cash reserve to keep growing. From time to time—say every three months—you can withdraw from this reserve any amount in excess of what you feel the reserve should be. This you can consider to be your profit on the business. (We will say more about profit and your salary in a later Booklet.)

► One of the best ways of separating your business finances from your personal finances is to establish a separate bank account for your business. If you do this, deposit every cent earned by the business in the bank, and pay all bills (including your salary) by check. This method will both remove temptation to spend the business money for your personal expenses and also give you a record (by way of your check stubs) on the income and expenses of the business. Of course, you will sometimes have to pay cash for small bills. In this case, pay the bills out of your own pocket, and keep a record of the total. When the total becomes a few dollars, pay yourself by check from the bank account.

Your business may be too small at the start to justify a checking account at a bank. If so, you can achieve the same effect by depositing all income in a strong-box or other secure place and treating it just as if it were a bank. Pay bills and your salary from the money deposited, but do not allow yourself to draw on it for personal expenses. Eventually, when you have built up a sufficient cash reserve, you can start a bank account.

Looking Ahead. You have now learned the basic steps to take in setting up a spare-time business. Soon you will get RSM Booklets that will give you more of the

This is the shop of an NRI graduate who is a part-time serviceman. A future RSM Booklet will show you how to build a neat, professional-looking bench resembling this one.



practical information you need to get started. These will give you the details of how to charge for your work, how to plan a professional workshop, how to service various kinds of defective receivers, and how to get servicing experience in your own home.

As we said in the beginning of this Booklet, you are now able to do a certain number of servicing jobs. Further training will increase your ability until you will be able to service any receiver for any defect.