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Management by Design: Is a small business the right fit for you?

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Thirty years ago, I would have scoffed at the notion of being self-employed. Yet here I am with 23 years of consulting under my belt, thoroughly enjoying being a small business owner.

Is this in your future, too? People often awaken their dreams to start a business when the economy is robust.

One man in his late thirties approached me a short while ago for career advice. Gainfully employed, respected by his employer, and I am sure well compensated, he has harbored a lifelong dream to go out on his own.

What has been holding him back is the risk. He needs to make sure that he will be able to make a good living for his family, take care of the mortgage, provide health insurance and start a college fund. We discussed marketing, risk management and the groundwork needed to found a business.

The National Federation of Independent Business, based in Washington, D.C., is the nation's largest small-business advocacy group. They offer a wealth of business statistics and trends. This national organization, found at www.nfib.com, represents the views of 600,000 members.

Every day thousands of new business licenses are issued by cities around the state and the country. Yet so many of these businesses fail. The NFIB estimates 39 percent of small businesses are profitable, 30 percent break even, and 30 percent lose money, with 1 percent falling in an "unable to determine" category.

What are the reasons for the failures? Perhaps they had the wrong product or service for the market. Perhaps they failed at promoting their business. Perhaps they lacked sufficient capital to start up and grow.

There are numerous causes of failure. What many of these entrepreneurially minded people needed more than anything else was a coach. You don't have to go it alone in order to own a successful business.

The Small Business Administration offers free counseling to startups and business. In addition, the SBA offers financial guidance and resources. They can be found at www.sba.gov.

One can even make an appointment with a Service Corps of Retired Executives counselor. SCORE is a nonprofit association that offers free guidance to small businesses. SCORE in Washington state has more than 400 volunteer counselors. These are individuals experienced in many business types, from construction to retail, and from manufacturing to the service industries.

A word of caution: If you set up an appointment, make sure that your counselor has experience in the type of business you want to start. Some SCORE counselors are retirees from large corporations, and while very experienced, may lack small business acumen.

Another avenue, often forgotten, is to acquire a franchise business. Phyllis Pieri, an independent franchise coach, was recently interviewed on KCTS "Serious Money." Pieri, a "business matchmaker," has owned several franchise businesses over the past 25 years. She has been offering free franchisee counseling through Franchoice for four years.

Why start a franchise rather than open on your own? "The proven system is the key," said Pieri. "A vetted franchise company is already ahead of the learning curve before you buy in. They have figured out who are the customers, the type of advertising that works the best, and the product or service that will sell. A franchise can immediately capture market share with a consistent 'top of mind' marketing program. Most mom and pop operators work really hard to get to a comfortable level and then relax. A franchise will help the owner push past that level," added Pieri.

A good sample of the types of franchise businesses available can be seen at www.franmarket.com. This organization now partners with SCORE.

I asked Pieri to share what is most important in selecting a franchise. "It is important for future franchise owners to do their homework — to be discriminating," she said. "Their choices should be based upon facts, not on what they think they know. As a coach I take them through a due diligence process to evaluate different franchises. They need to talk to established franchises, and ask if they are getting the support they expected from the franchisor."

Finally, I asked Pieri what it takes to get into a franchise. "There are great franchise companies for as little as \$50,000, but the average is about \$250,000." Reach Pieri at www.pperri.franchoice.com.

Free advice is also available from your public library system, and experienced librarians can lead you to the right source for your research. Start this process at www.kcls.org.

The Washington Small Business Development Centers provide another avenue for free and confidential business management assistance. Contact them at www.conted.bcc.ctc.edu.

It takes a special mindset to start one's own business. Why not see if you are ready to realize your dreams?

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