CHAPTER 1

So You Want to Go into Business for Yourself

If you weren't thinking about going into business for yourself either by starting your own business and becoming an entrepreneur or by taking over an ongoing business, you wouldn't be reading this book. Just thinking about this possibility marks you as someone out of the ordinary and makes you stand out from the rest. Moreover, because of your interest, I already know a few things about you.

I know that you seek more out of life than just a paycheck. You may want to be your own boss so that you control more of your life. Or your boss at work may have rejected your ideas in the past: Later, you saw others either inside or outside your company implement the same ideas with great success. You don't want this to happen again. You want to be in charge because you know you can do better.

You may have had difficulty in getting a job that you really didn't want but had to accept to support your family or yourself. And in getting this dissatisfying position, you may have been rejected many times. You were told you were too young or too old, lacked an education or had too much education, had the wrong kind of education, didn't have the experience or had too much experience. All the time, you knew that you could not only do the job but also do it better than most others. Or maybe you have a passion for a certain kind of work, but the requirements of your current position are such that you just don't have the opportunity to concentrate on the work that you really love.

Maybe you retired after years on one job and now want to take this opportunity to do what you've wanted to do for a long time. Or perhaps you realized from the start that the corporate life is definitely not for you. You completed high school or college or dropped out from either and decided that you wanted to go a different way. Many have done this successfully, too. Douglas Becker founded Sylvan Learning Systems and owns universities all over the world, some of which offer doctorate degrees. However, Becker himself never went to college. He finished high school and founded a company teaching learning challenged kids how to learn. By the time he was in his mid-thirties, he was not only a multi-millionaire but also the boss of many college presidents.

There are hundreds of reasons that motivate people to strike out on their own, and it doesn't seem to make much difference what the reason is. If you have the drive, if this is what you really want to do, you can do it and become highly successful. However, there is good news and bad news. Not everyone is cut out to be an independent businessperson or an entrepreneur. There are other perfectly good ways that you can go through life and make a contribution to society. I tell you this because while there are many real rewards to being your own boss, there are also significant challenges. One basic principle of successful entrepreneurship and small business management or in building a giant corporation, if that is your ambition, is to do so with your eyes open. Sure running your own show is great, but there are disadvantages too, and I want you to know about them before you jump into the fray. So, at the end of this chapter there is a worksheet to help you understand what you are letting yourself in for to help you make an informed decision.

Once you are ready to accept the risks, the adventure, the highs and the lows, the rewards and the demands of being in business for yourself, this book can help—a lot. *The Entrepreneur and Small Business Problem Solver* is designed to give you the guidance you need to deal with the myriad of problems that every small businessperson and entrepreneur faces as they first enter business and build their business over the years. The first edition came out more than 20 years ago, and more than a hundred thousand entrepreneurs and small businesspeople have used it to help build their success. However, the solutions it provides are not mine alone.

You may have noticed that many who are most successful in these types of activities—Bill Gates, Donald Trump, Colonel Harland Sanders of Kentucky Fried Chicken fame, or Mary Kay Ash who built a billion-dollar cosmetic company while giving away Pink Cadillacs, and thousands of others whose names you know and others you don't—didn't make it by working an eight-to-five job for someone else, but rather by being on their own. Their real experiences are immensely valuable, and those who would show others the way would do well to ground themselves in the experiences of those who achieved outstanding success in the past.

This third edition of *The Entrepreneur and Small Business Problem Solver* is not only updated with the latest cutting-edge information regarding technology and the Internet but also with the collective wisdom of hundreds of successful entrepreneurs and small businesspeople who learned what works and what does not on the firing line while risking and making fortunes.

The Advantages of Having Your Own Business

I have already alluded to many of the advantages of having your own business, but let me list them and make them explicit:

- You are the boss.
- You have the opportunity to become far more successful financially than you ever could become working for someone else.
- You have the prestige of heading up a company and can have the title of CEO or president, a title that might take years to attain working for someone else or that you might never attain.
- You make the decisions regarding hours of work, vacations, and, within the framework of the law, who you do business with and what work you will do.
- As you work, you are building equity in an entity that can be sold later or passed on to your children.
- The government allows you to deduct certain expenses that contribute to making a profit from your income tax. We will discuss these further in the next chapter.

Your Contribution as an Entrepreneur or Small Business to Society

However, there is more. Being an entrepreneur or small businessperson does not mean stealing or cheating someone else or becoming a robber baron. In fact, I was recently reading a book by historian Stephen Ambrose.[1] In it, Dr. Ambrose was discussing the so-called robber barons who built the transcontinental railroad across the United States. He said that he was taught in school that these men took unconscionable profits out of the railroads, far more then they deserved, and exploited everyone they came in contact with. However, he discovered that this view was inaccurate and unfair. The U.S. government was unwilling to take the risks of building the transcontinental railroad. The American people wanted the railroad built, and they wanted it completed in just a few years. To accomplish the job, the investors had their arms twisted, first by President Lincoln and later by President Grant. These entrepreneurs took enormous risks in order to complete the job quickly. The quality was imperfect and there was corruption, however, they finished the job in just six years. No other country in the world was able to duplicate this feat. Using slave labor, it took Russia

[1] Stephen E. Ambrose, *To America* (New York: Simon and Schuster, 2002).

32 years to build a similar railroad. That's not to say there aren't bad-guy entrepreneurs, but the motivation of entrepreneurs is different than what many think.

Some years ago, famed Harvard social scientist David McClelland (see his book *Achieving Society of Human Motivation*) did some research into what motivated different groups of people. He found that the primary motivation for managers in large firms was a need for power. He thought that entrepreneurs would be motivated primarily by the desire for money. To his amazement, he discovered that the primary motivation for entrepreneurs and small businesspeople was not money but achievement. Entrepreneurs didn't spurn money, but it was used mainly as a measurement to determine how well or how poorly the entrepreneur was doing.

Many speak about big business and corporate jobs and the creation of jobs, but most new jobs come from small businesses not giant corporations. So, as an entrepreneur or small businessperson, you make a major contribution toward eliminating unemployment, too.

Did you think that with giant new product and research and development departments that most new innovations originate from within very wealthy companies? Even this isn't so, and it probably never was. It was two brothers who owned a bicycle shop and made the first flight after they invented the first workable powered airplane. Their name was Wright. Big business and government had previously sunk a lot of money into trying to develop an airplane powered by an engine, and they had failed.

The *second* company to introduce handheld electronic calculators was the giant Sears, Roebuck and Co. An entrepreneur by the name of Joe Sugarman headed the first. Sugarman made a million dollars selling handheld electronic calculators through the mail before Sears and others got interested. Sugarman is probably better known for his infomercials selling BluBlocker sunglasses. Over a 10-year period, he probably made another million dollars selling them, too.

Although today there are many big businesses, including IBM, turning out personal computers, IBM had previously done a study and determined that there was a market in the United States for a total of about 1,000 personal computers (PCs). As a result, IBM forgot about PCs and concentrated on giant computers for big business. Two college dropouts by the names of Steve Jobs and Steven Wozniak built the first commercial personal computer in Jobs's garage. It was called Apple II, and it got the eventual multibillion-dollar Apple Computers Corporation off the ground. IBM had to catch up later after Apple was well established. Amazing, but true: Most innovations seem to be thought up and introduced by entrepreneurs and small businesspeople, people just like you and me.

Entrepreneurship and small business built this country and is still building it today. So as a successful small businessperson, you not only have a tremendous opportunity to become wealthy and live your dream but also to help the U.S. economy and to help limit unemployment. Innovations or new products and ideas that you come up with will contribute to society. There are few other occupations where you can help so many other people at the same time that you help yourself.

The Drawbacks of Running Your Own Show

As I said earlier, the small-business life isn't perfect. There are drawbacks, and you had better recognize them right from the start. While you have work-hour flexibility as an entrepreneur, you are probably going to discover that to become successful, you are going to have to work harder than ever before. Sure, once you've really made it, you can hire professional managers to run your company and take dream vacations whenever you like. But, that's not how it's going to be at first. More than a few small businesspeople and entrepreneurs work seven days a week.

Did you think you had a high-stress level when you worked for someone else? Wait until you feel the pressure of meeting your bills with suppliers, creditors, and employees. Wait until you have to meet a payroll. Monthly or bimonthly you're going to have to come up with the money to pay each and every one of your employees.

And did I say that you could make a lot more money in your own business? Well, that's very true, but it's probably not true at first. Many small businesspeople make less money than they made working for someone else, at least at first.

Working for someone else, your biggest risk is getting fired and being out of work. Working for yourself, you can not only lose your business and be out of work, but you can also end up in debt at the same time. You are going to take risks of one kind or another every day you are in business.

What You Need to Make a Go of It

In 1979, Tom Wolfe wrote a book called *The Right Stuff* about American test pilots and the space exploration program. The heroes that Wolfe wrote about in his book had "the right stuff" to become test pilots and astronauts. If you would be a small businessperson or entrepreneur, you, too, must have the right stuff. While the right stuff that you require is not the same as that required for test pilots or astronauts, it is every bit as important for success. It includes a persistence and stubbornness to stick with projects and not to give up; an ability to tolerate uncertainty and risk or to handle high levels of stress for long periods of time; not to be intimidated by others or to always believe what others tell you is, or is not, possible; to have a strong belief in yourself and what you are trying to do; and to be able to balance the time demands of a business and personal life.

I have put together a worksheet to help you decide if you have the right stuff through a simple test. If you are honest with yourself, you will know right away whether you have the right stuff, or not. (See Worksheet 1.1 on p. 9.)

Full Time or Part Time?

Many situations do not constitute a conflict of interest with your present employment, and you can work part-time and ease into the business. This has the advantage of continuing your main source of income and taking a lot of pressure off. Sure, it's a little inconvenient, and you may not be able to concentrate on your own business. You may lose some sales and need to work a lot harder after your regular work hours and on weekends. Still, many start this way and, if the business you are contemplating fits into the category where you can do this, I recommend it until such time as the sales from your business can support you independently.

What Business Are You Most Likely to Become Successful In?

We all want to get into a business that is more likely to lead us to success. If you peruse any of the so-called opportunity seekers magazines, you will find hundreds of advertisements attempting to interest you in a business with high payoff and guaranteed and easy success. My advice is to resist the temptation. These advertisements are cleverly written, and I'm sure that they have had successes among their customers. However, if you want to know which business is most likely to lead to success, follow this advice: Select a business that you know something about and that you have a real passion for.

If you don't know anything about the business, you will have to spend time and money learning it. If you really don't care for the business, and you are simply attracted by the promise of high income, you will desert this business when times get tough and you run into problems. And even though this book helps solve many of those problems, you may eventually get frustrated and quit.

Consider the four entrepreneurs I mentioned earlier: Bill Gates, Donald Trump, Colonel Harland Sanders, and Mary Kay Ash. Computers fascinated Gates from the time he was in high school. He started a computer programming business even then. Donald Trump likes nothing more than building huge commercial buildings. He lives it. Colonel Sanders spent 40 years in the restaurant business before he ever started doing anything with his secret Kentucky Fried Chicken recipe. And Mary Kay Ash not only had more than 20 years experience with direct selling but also was as passionate about starting a business where women could make good money as Gates was about computers, as Trump was about his buildings, or as Colonel Sanders was about his secret recipe for fried chicken. The success they achieved was not accidental. They got into something they knew something about; something they loved to do and were passionate about.

If you are already in business, you know what I am talking about and can skip Worksheet 1.1 or the additional self-assessment tests listed and found on the Internet. Go right onto the subsequent chapters, as you need them.

If you aren't yet in business, take the time to use Worksheet 1.1 and some of the other self-tests listed to see whether you should be getting into your own business. Recently, I met a man who works for the company that cleans my windows. He works only eight months a year and travels around the world the other four months. He is perfectly happy not having the responsibility of running the business. So, making the decision of whether you want to run the show is not a trivial one, and it could save you a lot of money, time, anguish, and personal resources.

At the end of every chapter in the book, there are additional sources of information to help you, both in books and on the Internet. The Internet information alone will link you to dozens of free articles, magazines, and even books, which amounts to an additional library of information that you can consult for more detail on any subject. In addition, each chapter ends with one or more worksheets to help you develop and apply the material discussed in each chapter. The book has 20 chapters. After Chapter 1, the chapters are divided into three major subsections in which problems may be classified: Financial Problem Solving, Marketing Problem Solving, and Management Problem Solving. All are critical to your business. In addition, there is an Appendix that contain important references to help you.

I wish you all the luck in one of the greatest adventures of your life!

Sources of Additional Information: Self-Assessment Tests

Books

The Big Book of Personality Tests: 100 Easy-to-Score Quizzes That Reveal the Real You by Salvatore V. Didato, published by Black Dog & Leventhal Publishers.

How Do You Compare? 12 Simple Tests to Discover Hidden Truths About Your Personality by Andrew N. Williams, published by Peregee Books.

100 Best Retirement Businesses by Lisa Agnowski Rogak, published by Dearborn Trade.

The Psychologist's Book of Personality Tests: Twenty-Four Revealing Tests to Identify and Overcome by Louis Janda, published by John Wiley & Sons, Inc.

The Psychologist's Book of Self-Tests: 25 Love, Sex, Intelligence, Career, and Personality Tests Developed by Professionals to Reveal the Real You by Louis H. Janda, published by Peregee Books.

Psychometric Testing: 1,000 Ways to assess your personality, creativity, intelligence and lateral thinking by Philip Carter, Ken Russell, Ken Russell, and Philip Carter, published by John Wiley & Sons, Inc.

Test Your Management Skills: The Management Self-Assessment Test by Trevor Boutall, published by Butterworth-Heinemann.

Internet

Note: Because Internet sites frequently go down, multiple sites are listed for similar subject matter.

Starting a Business Test Sales Creators, Inc. developed this test located at http://www.salescreators.com/SCI/Sales_Consultants_for_New/New_Business/Starting_A_Business_TEST/starting_a_business_test.html.

The Entrepreneur Test. The Small Business Know-How Resource on the Internet developed this test at http://www.liraz.com/webquiz.htm.

The Self-Employment Test. The New York State Department of Labor developed this self-employment test at http://www.labor.state.ny.us/business_ny/entrepre/test.htm.

Self-Employed Attitude Test. Here's an attitude test developed by The Small Business Information Resource at the Business Bureau-U.K. in England. You can find it at http://www.businessbureau-uk.co.uk/new_business/attitude_test.htm.

SBA's Entrepreneurial Test. This test was developed by the U.S. Small Business Administration and their Online Women's Business Center. It is available at http://www.onlinewbc.gov/docs/starting/test.htm.

SBA Small Business Success Quiz. Here's another SBA self test at http://www.sbaonline.sba.gov/gopher/Business-Development/Success-Series/Vol1/Quiz/quizall.txt.

DOWNLOADABLE WORKSHEET 1.1
Do You Have "The Right Stuff" for Owning Your Own Business?

	True	False
When I run into a problem, I keep at it until I find a solution.		
When things don't go as planned, I find another way.		
I make mistakes; but I learn from them and go on.		
I frequently try to do things differently from others.		
I don't give up easily.		
I take chances for things I consider important.		
I'm willing to make sacrifices now to attain my long-term goals.		
Others think I am stubborn.		
I know something about the business I want to enter.		
I have or can get all the capital I need to start my business.		
I function well under pressure.		
I get along with other people very well.		
Money is not the most important motivator for me.		
I am a self-starter.		
I want to run my own business more than anything else.		
I have a strong need to accomplish something in life.		
I am willing to attempt new things that I have never done before.		
I like to be in charge.		
I can deal with setbacks.		
I have a lot of self-confidence.		
Totals		

Answer truthfully. The more "true" answers, the better chance of your being successful at running your own business. If your total is 10, or less, your chances of running your own business successfully is less than optimal. Still, it is your decision. If you have 15 or more true answers, you are in good shape to proceed.

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