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The Journey Begins

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My Life in and around Small Businesses

There is much in this book to help the small business owner or, more important, the person who is thinking about starting a business. It helps small business owners who are just getting started or owners of established businesses that are now in the process of growing into moderate-size enterprises on the way to becoming big businesses. Many of today's dominant and successful corporations started as small businesses—some in garages, basements, or home offices.

I have been involved in small businesses all my life: first in my parents' businesses, then my own, and for five years I was the administrator of the U.S. Small Business Administration (SBA), the federal government's agency with the responsibility to advise, counsel, assist, and protect America's small businesses. I have seen small businesses that are thriving and I have, regretfully and sometimes even tragically, seen small businesses that fail despite being based on sound ideas that had the most dedicated of owners.

I understand what makes some small businesses succeed while others similarly situated fail. This book shares the insights I have gained about small business success and small business failure.

During my tenure as head of the SBA, I faced a bleak statistic: Every year millions of new small businesses are started. Although each owner is passionate and driven, and believes deeply that his or her new business will succeed, a majority of these new small businesses will fail. It's the old story—they never plan to fail, but often do because they fail to plan.

In 2001, when I became the SBA administrator, the SBA's independent research arm, the Office of Advocacy, forecast that within five years fully 50 percent of newly started small businesses would fail—be unable to continue operation. Unfortunately, over the five-plus years I was at the SBA, we were not able to do anything to lower this percentage; in fact, things have gotten worse. Currently, the Office of Advocacy reports:

Two-thirds of new employer establishments survive at least two years, and 44 percent survive at least four years, according to a recent study. These results were similar for different industries. Firms that began in the second quarter of 1998 were tracked for the next 16 quarters to determine their survival rate. Despite conventional wisdom that restaurants fail much more frequently than firms in other industries, leisure and hospitality establishments, which include restaurants, survived at rates only slightly below the average. Earlier research has explored the reasons for a new business's survivability. Major factors in a firm's remaining open include an ample supply of capital, being large enough to have employees, the owner's education level, and the owner's reason for starting the firm in the first place, such as freedom for family life or wanting to be one's own boss.

But an important and critical distinction needs to be made: A business that ceases operation does not necessarily fail. Small Business Administration economist Brian Headd closely examined the survey data collected by the U.S. Census Bureau's Business Information Tracking Series and came to the following conclusion:

New firms are believed to have high closure rates and these closures are believed to be failures, but two U.S. Census Bureau data sources illustrate that these assumptions may not be justified. . . . The significant proportion of businesses that closed while successful calls into question the use of

“business closure” as a meaningful measure of business outcome. It appears that many owners may have executed a planned exit strategy, closed a business without excess debt, sold a viable business, or retired from the workforce.

Headd also found:

Similar to previous studies, firms having more resources—that were larger, with better financing and having employees—were found to have better chances of survival. Factors that were characteristic of closure—such as having no start-up capital and having a relatively young owner—were also common in businesses considered successful at closure.

Let me repeat for emphasis: Just because a business closes, it hasn’t necessarily failed. But many do fail; many more than should fail.

There are 25 million small businesses in the United States and they produce 52 percent of the gross domestic product of the U.S. economy. Small businesses represent over 50 percent of the employee payrolls in the economy, and somewhere between 60 percent and 70 percent of the new jobs our economy produces annually. We are simply losing too many of the newly started small businesses each year. It is damaging to the economy and its long-term growth.

No small business starts out planning to fail. Almost all are started by men or women who are passionate about what they are doing. They have a dream and are willing to work and sacrifice to attain that dream.

Why do these small businesses fail? As we see shortly, it is often that small business owners, especially those starting a business for the first time, simply do not know what they do not know. Perhaps in starting a new business, budding entrepreneurs are particularly excited about one aspect of the new business and they simply don’t realize—or think about—all those other things they are going to have to do or the challenges they are going to have to meet. Worse, they usually don’t learn these things until after they start a business and it starts struggling with these problems and challenges. The start-up owner doesn’t plan to fail, but he or she fails because of the failure to plan.

Small businesses fail for a myriad of reasons: They were not good ideas in the first place; they were undercapitalized; the new owner did not have the ability to turn an idea into a business; or the owner in the end did not have the commitment it takes.

When a small business fails, you hear all kinds of explanations. One reason might have been a lack of capital. Capital is the oxygen that a small business needs to breathe—to get the business started and to grow the business. If the business lacks capital, it will struggle.

Often, a new business owner's expectations are simply not aligned with reality. When I first started in business, someone said to me, "Give yourself enough time to become profitable." So I thought to myself, "Okay, I'll give myself six months, a year at the most." Although that's what I planned for, it ended up taking me three to four years to build the business, develop the client base, and become profitable. Because I was starting from scratch, I did what many small businesses do: I couldn't qualify for a loan, so I used all my savings, maxed out my credit cards, cashed out my retirement from the corporate job I had held, borrowed some money when I could, and basically just limped along until my business was able to generate enough cash.

Underestimating how long it will be until the business becomes profitable is a major problem in starting up new businesses. Sometimes people glamorize the idea of being in business for themselves, but most people should not work for themselves. Not everyone has the discipline, energy, or long-term commitment it takes.

Again, it's not a failure to delay starting a business because you're not ready. Often the opposite—being unprepared—leads to failure. At the SBA, we thought it was a good thing to prevent an entrepreneur from making that mistake. If he or she was serious about starting a business, we would say, "It's not a question of *if*; it's a question of *when*. If you invest the time to be ready, and are prepared to sacrifice, we'll be there to stand shoulder to shoulder with you as your partner."

At the SBA, we learned three other reasons new businesses fail. First, they don't hire the right employees. A new business will take whoever they can—usually a family member or friend who is

willing to work for little or nothing. They may not be the best employee for a new business, but the one they can afford.

Second, when a new business owner does not know how to use technology and if he or she is competing with established businesses, especially larger ones, it's going to be an issue. Technology really levels the playing field.

Third, we found that the novice business owner is sometimes unaware of the regulations or potential restrictions he or she will face and struggles to meet these requirements.

At the SBA, we tried to arm small business owners with the tools to address these problem areas, providing various programs that addressed: (1) access to capital, (2) technical assistance/entrepreneurial development, and (3) procurement/contracting. Small businesses are usually challenged in all of these areas: They don't have enough money; they don't have enough customers; and they don't know what they don't know.

These deficiencies sum up why so many small business start-ups fail. We knew if we could give small businesses expertise in these areas, and if the new entrepreneurs took advantage of what we were offering, their ability to survive past that fourth year grew exponentially. New small business owners need to invest in themselves and avail themselves of any programs that are available locally or on the Internet for free or at almost no cost. "I'm too busy," is what we usually heard from new small business owners. However, they would have had plenty of time on their hands if their new businesses shut the doors a year or two down the road.

Look at it this way. Say the new small business owner is like the man who has only an old, rusty saw to cut a path through a rough thicket. It's backbreaking work, a struggle, and certainly no fun. If only this man had a shiny, new, sharp saw. He could cut that path—to success—in no time. But like the small business owner who won't stop to get the skills he or she needs and is deficient in, the man cutting through that thicket has no time to stop wielding that rusty, old saw. If he took the time to get the saw sharpened—to acquire the education and technical assistance—cutting his way through the rough thicket would be much easier.

People usually say they want to be in business for themselves because they perceive it to be glamorous. They say, “Oh, I’ll be able to take off all the time I want, go on long vacations, make lots of money, and not have to answer to anyone but myself.” But the truth of the matter is most people who own small businesses work longer hours than those employed by others. They are not working 40 hours a week; it’s usually closer to 60 hours or 80 hours a week. They can take a vacation, but they often choose not to because they don’t want to leave their business. If they are making money, they usually put it right back into the business, so they’re not living extravagantly.

But those small business owners who are passionate about what they do will tell you there is nothing they would rather do. They love what they are doing. Yes, it’s challenging; yes, it’s difficult, but they wouldn’t have it any other way. That is reflective of the mindset of people who are successful at running a small business. They are almost grateful they get to do this; they are not complaining. There are business owners who say, “I’d pay to do this—they don’t have to pay me; I would pay them.”

I have quite literally spent my whole life in and around small business. My father was an entrepreneur, starting numerous small businesses. I worked in many of them. As I got older, I ran some of his businesses. I have worked in a corporate environment providing services for small businesses, and I have owned and operated small businesses. For more than five years, as head of the SBA, I was in charge of delivering programs and services to small businesses in the United States, formulating government policy toward small business, and implementing that policy.

This lifetime in and around many different kinds of small businesses—some very successful, some less so—has given me insight about why some succeed, why some fail, and what an entrepreneur needs to do to best ensure that a good idea or good product will be translated into a successful business.

Along the road, I have met thousands of very successful small business people. Some have grown their businesses from the most humble of beginnings into corporate giants whose names are household words and whose operations are integral parts of the

national economy. Other successful entrepreneurs I know well may not be instantly recognizable, but each is successful by any standard and quite often well beyond his or her dreams.

In the pages that follow, I have called on many of these successful entrepreneurs to share their stories and their secrets of success. Many have learned lessons the hard way; most have overcome daunting obstacles. Now they would like to help you avoid these pitfalls so you too can enjoy the kind of success they have enjoyed.

I like to say that everything I learned about small business I learned in a Mexican restaurant. My father, Hector Barreto Sr., and my mother Mary Louise were immigrants from Guadalajara, Mexico. My father used to tell me that from his earliest memories he was either working in a business or owning a business. When he was in his early twenties, he bought and sold cattle in Jalisco State in central Mexico—Mexico's Wild West with its ranches, horses, and cattle. He ran into some difficult times, so he decided to join some family members in the United States, work for a while, save some money, and then go back.

My father came to the United States on a work visa, which were plentiful in those days. His relatives were in Kansas City. He had no real idea where that was except that it was in the center of the United States.

In the beginning, the only jobs my father could get were labor-intensive jobs; for instance, working on the railroad pounding spikes into the ground or picking potatoes for 50 cents an hour in rural Missouri. He worked at a meatpacking house cleaning out stalls. Eventually, he became the janitor at the small Catholic school that I would later attend.

My dad always said those jobs were a means to an end, something temporary until he could do what he really wanted to do, which was to be his own boss. He eventually fulfilled that dream and probably did much more than he had ever dreamed possible.

The first business my father started was a Mexican restaurant. He chose that, as many people do, because the entry cost was low; he and my mom, who was a great cook, knew how to make Mexican food, so he felt it would be an easy business to get into.

In the late 1950s, being in the Mexican food business in Kansas City was really cutting edge. No one knew what a taco, an enchilada, or a burrito was. My parents made a go of it despite not having any formal training in running a restaurant. Our family all worked together, and eventually that one restaurant led to two, and two led to three. First there was Mexico Lindo, then Chico's, and later on Casa Blanca (White House)—which came at a time when my father helped found the U.S.-Hispanic Chamber of Commerce and got involved as an advisor to President Ronald Reagan.

It was my father who started these businesses—he was a visionary—but it was my mom who actually ran them on a day-to-day basis. My dad was constantly away making contacts or putting deals together.

As so often happens with entrepreneurs, my parents' business evolved. People came into the restaurants, liked the food, and asked my dad if he could get this type of food for them to make at home. This led him to start a small import-export business. We imported food and produced other foodstuffs, and eventually Mexican furniture and Mexican tiles like those in our restaurant decorations because diners would ask where they could buy them for their homes.

In the beginning, his method of importing was to drive a truck into Mexico, fill it up with merchandise, and drive it back to Kansas City. He often drove straight through with maybe a few hours sleep by the side of the interstate. It was a long drive and certainly not very efficient. As the business grew, it became too much. He had to hire trucks and drivers to make the trips, and then as it grew further, he started to ship by railcar.

My dad used to say it wasn't enough that he personally be successful; he wanted to help others. He wanted to join a business organization with other Hispanic businesses because at the time there were a number of Hispanic businesses in Kansas City. But there was no such organization to join, so my father started his own. With some other Hispanic businessmen, my father helped start the Kansas City Hispanic Chamber of Commerce. It started small but that Chamber grew as more and more Hispanic businesses started locally. Similarly, when he later wanted to join a national organization and

found that it didn't exist, my father started reaching out to Hispanic business leaders across the country and that led to the start of the U.S. Hispanic Chamber of Commerce.

This was during a time when there were not that many Hispanic-owned businesses in the United States. Today, there are over two million U.S. Hispanic-owned businesses that generate revenues in excess of \$300 billion, and those numbers are increasing rapidly. Hispanic-owned businesses are the fastest growing segment of small business, with some economists predicting a tidal wave of growth, such as their number doubling every five years over the next several decades as Hispanic-owned businesses become even more important to the U.S. economy.

It was not so back then. But my father was a visionary; he could see the future. The U.S. Hispanic Chamber has grown and developed a national reputation: it even has a national television show every Sunday. It is conceivable that within a decade there will be eight million Hispanic-owned businesses in this country. It is not a small, niche market any more.

My father had an interest in politics. He was involved with the Reagan campaign and later was involved in President Reagan's transition from the White House. Then he became involved with George H.W. Bush, in his campaign and administration. He became an American citizen—one of his proudest moments—because he felt that was not only logical but important now that he was working within the American political system.

When my father was getting involved politically, I was just starting college. At the same time, he started the third restaurant—Casa Blanca—on the west side of Kansas City that was not near where we lived, nor was it near the other two restaurants.

Just as Casa Blanca was opening, my father was called back to Washington, DC, to advise President Reagan on a full-time basis. He said, "Hector Jr., this restaurant is now your responsibility." So while I was trying to go to college, I was suddenly a 19-year-old running a small business.

Fortunately, I had been working in the family restaurants for years. I had started waiting tables when I was nine, but this time I was the boss. I had no experience opening a restaurant or running

one myself, and I was scared to death I wouldn't make it and I would let my folks down. They weren't worried though; they had total confidence—that's just how our family was. My father handed me the keys to the building and said, "Don't worry, you'll learn." That's how I got my first experience running a small business.

In our family, it was assumed that everyone would accept responsibility. The only failure was not giving it your best, of not trying. That is a lesson for all entrepreneurs. They need to be able to project themselves forward into an opportunity, even when they don't know how it's going to turn out. It's a question of faith, of confidence, of will, and of being relentless.

It was somewhat overwhelming trying to open a new business and take a full class schedule in college, but I persevered. We had three restaurants, but, even though they shared the common thread of serving Mexican food, all three were very different. They had different menus, different chefs, different purveyors and suppliers, and different policies.

After college, I left the restaurant—which was going strong—and moved to Texas where I worked as an area manager for the Miller Brewing Company and dealt with a wide range of beer distributors and small businesses—bars, restaurants, convenience stores, and liquor stores. It was quite a change working for a large corporation after working in the family business, but I came in contact with small business owners on a daily basis and saw what made some very successful, while others struggled.

Working for a big company had always appealed to me, and there were certainly many advantages to it: There was training, job security, and all the trappings of success, but I literally felt trapped; I missed working for myself, creating something from scratch. It was my entrepreneurial genes coming out. So I moved to California to join a boyhood friend who had moved there and who had gotten involved in the insurance and financial services industry. He recruited me away from Miller Brewing to come to the West Coast to pursue my entrepreneurial dreams by helping him build his business.

It sounded like an exciting opportunity, but if I had known everything that was going to happen before I made the decision, I might have been a little more hesitant before jumping in. In hindsight,

I'm glad I went to California because it helped me accomplish so many of my goals. But at the time, it was difficult moving from the protection and shelter of a large corporation with its benefits and great salary and other perks and going into a business I really didn't know anything about. Starting over again from scratch is a very sobering experience, regardless of your age, but especially when you are 26 years old.

In the beginning, I was primarily selling life insurance, one-on-one. Then I started selling health insurance to the same individuals. As their businesses grew and they added employees, I sold insurance to their employees. Later, the business began to grow and change; it evolved. And like my father branching out into the import and export business, I went from insurance into a broader financial services operation, working with small business owners on their various financial needs and financial planning.

This led to acquiring a securities broker-dealer license and starting my own broker-dealer firm, one of the few Hispanic-owned firms of its kind in the country. It was challenging for me to obtain the state and federal licenses and get the business off the ground.

I was also involved with the Latin Business Association and, over 15 years, worked from being a member to serving on committees to chairing large events. Eventually, I was elected to the board, ultimately becoming the vice chairman and then the board chairman. At the time, it was the largest Hispanic business organization on the West Coast and one of the largest in the country.

We had then-Governor of Texas George W. Bush speak to us at a luncheon for 3,000 of our members. I met him there for the first time, and he eventually asked me to get involved with his presidential campaign. I was involved as a co-chairman in California and became a surrogate for him speaking around the country. I spoke at the national GOP convention and worked closely with him through the campaign period. He understood my background with small business and, after the election, personally asked me to head the SBA.

It was a huge honor, but totally unexpected. I was minding my own business quite literally: It was growing and I was feeling the initial benefits of real success. I had to give the request considerable

thought because a move to Washington was going to be at considerable cost, both financially and emotionally. I had to move a very young family across the country and ask my wife to make sacrifices, but anytime the president of the United States asks you to serve your country, it's a huge honor. I felt, and still feel, an important obligation to repay what this country has done for my family. The president's faith in me, and the opportunity he gave me, is something I'll always be grateful for and never forget.

I ended up being the second longest-serving SBA administrator—serving five-plus years while the average tenure of an SBA administrator over the 53-year history of the agency has been 18 months.

My time as head of the SBA allowed me to constantly travel around the country, meeting with small business owners in every state multiple times. I spent countless hours with SBA professionals who have spent their careers helping small business owners succeed. We had roundtables and regional events where I would hear firsthand the stories of small business success. The thousands of business owners I met, who took the time to share with me their stories of accomplishments, allowed me to earn a very practical “PhD”—if you will—in small business success.

Talking with these countless small business owners, and determining what they needed to help them grow their businesses, led me to help develop the president's Small Business Agenda with emphases ranging from better sources of capital for small business to better availability of procurement opportunities, lower taxes and regulation, less litigation, and most important—small businesses' number one concern—some relief from the healthcare crisis and the ever-escalating cost of insurance, both for them and their families personally and for their employees.

I'm proud that access to capital for small businesses doubled during my tenure at the SBA. When I arrived, the SBA was guaranteeing about \$9 billion in loans annually. When I left, we had increased that amount to \$20 billion and, just as important, a third of that was loans to the emerging market, businesses owned by minorities and women. When I arrived, we were training about a million small business owners a year. When I left, that number had

doubled to two million small business owners a year. When I arrived, the federal government was providing small business about \$50 billion in contracts annually; when I left, it provided \$80 billion in contracts thanks to the cooperative efforts among those of us in government (especially the incredible team at the SBA), the private sector, and countless volunteers. It was an honor to serve with them at a time of incredible transformation within the SBA and our country, especially after the terrorist attacks of 9/11.

Late in 2005, I was invited to become the chairman of and to help lead the Latino Coalition—one of the nation's most dynamic Hispanic organizations—so I asked the president to allow me to leave the SBA. He asked me to stay until a replacement could be found, which turned out to be in July 2006. Now I am at the Latino Coalition, working with the new presidential administration in Mexico to help them better understand the United States, and I've joined the boards of several companies. I'm also advising some major companies how best to reach the small business market, and I've begun to aggressively pursue the entrepreneurial interests that I had put on hold until I had completed my years of government service. I am part of a group that is in the process of opening a bank in booming Las Vegas, Nevada.

Along with my work at the Latino Coalition, one of the most exciting things I am presently doing is acting as chairman of a privatized and expanded program I helped start: Business Matchmaking is one of the proudest achievements of my five years at the helm of the SBA. The idea, which I originally started when I headed the Latin Business Association in California, was to bring together motivated buyers and qualified sellers. The buyers were motivated because they wanted to do business with small business; the sellers were qualified because we had pretrained, educated, and informed them how to do business with big business and the government. When I got to the SBA, I quickly realized that, while the agency took its traditional role of helping provide capital and training for small business owners seriously, a key part of the equation of success—helping them secure new business—was lacking. This gap could definitely be filled with government help, so we formed a unique public/private partnership with the help of

visionary private sector colleagues Chuck Ashman and Diane Kegley and forward-looking companies such as Hewlett-Packard, American Airlines, and Aflac. We started Business Matchmaking more than three years ago.

For a small business to succeed, it needs *know-how* but it also needs to know who. It doesn't need a handout, but a helping hand. Small business wants the exact same thing that big business wants—more business.

To help accomplish this, we developed the Business Matchmaking concept—think speed dating for the small business. In large gatherings across the country, we brought together purchasing officials from government agencies—federal, state, and local—and some of the United States's biggest corporations and matched their needs with the offerings of thousands of small businesses. We match the small businesses with the buyers of the exact products they are offering in a series of 15-minute meetings. Typically, at a Business Matchmaking session, we have had 300 to 500 small business owners meeting with the procurement people from 200 corporations and governmental agencies in 2,000-plus one-on-one meetings.

Obviously, you are not going to sell your product in 15 minutes (although on a few occasions I have seen it happen), but the small business owner is going to be able to begin a relationship with that government agency or corporation, to get the access he or she has difficulty in achieving. It transforms what is often a difficult and, some say, humiliating pursuit. The small business owner can get a better understanding of the process the agency or company uses to acquire goods and services and its specific needs, and learn how to fit into that process. The short meeting, in turn, gives the procurement official the ability to put a face together with future phone or Internet contacts and it gives him or her a more direct feel for whom their corporation may be dealing with in the future. A synergy often develops that will lead to future business.

The Business Matchmaking sessions also have given us the opportunity to help thousands of small business owners get ready to do business with large corporations. These sessions give the small business owner access to the buyers and the decision makers who give out contracts that he probably could not get on his own.

We train the small business owner in what to expect, how to market his company, and most important about the processes he will have to be involved in to begin selling on perhaps a broader basis than he has experienced before. This costs the small business owner nothing but his time and commitment.

The results have been nothing short of phenomenal. In three years, we have facilitated over 50,000 Business Matchmaking appointments. These appointments have led to over \$1 billion in contracts for the small businesses who first made contact with a future customer at Business Matchmaking. It's not something that happens instantly; typically, first contracts are obtained three to six months after that initial meeting.

Now, through the establishment of a new private sector company, Small Business Matchmaking, the concept is going to be broadened even further; over the coming years, we are going to be able to expose small businesses to more and even greater opportunities.

Over my more than five years heading the SBA, I met with many extremely successful small business owners; they told me their stories and their secrets to success. In this book, I share many of those success stories and many of the insights I have gleaned over the years. Small business owners reflect the best of this country. They are the backbone of our economy, and I'm proud to be a part of this community.

What many of these successful small business owners have in common are their values, character, perseverance, faith, and goodwill to others—their employees, customers, the communities they come from, and their families. I hope to be able to articulate what makes them so special so you can emulate their success and learn from them.

We see many examples in the following pages. Among them are:

Thanh Quoc Lam—A Vietnamese refugee who fled in a leaky boat with only the shirt on his back in the closing days of the Vietnam War with just the possessions he could carry. He ended up moving to Hawaii; there he got into the bakery business, opened a French bakery, and eventually became the SBA's National Small Business Person of the Year in 2002. He told me the proudest thing that ever happened to him was becoming

a U.S. citizen. He laughingly said, “Hector, it’s only in America that a refugee who was running for his life could end up in Hawaii, start a French bakery in Chinatown, end up selling his products to the airlines and the largest hotels in the Islands, build such a successful business, and then meet the president of the United States in the White House.”

Linda Alvarado—She started a construction company at a time when it was very unusual (actually, it still is) for a woman to be involved in the construction industry. Everybody told her she couldn’t make it, that she was crazy, or they would ask where her husband was. She is now the head of one of the most successful construction companies in the United States. She is a part owner of the Colorado Rockies baseball team, sits on several corporate boards, and is a member of the SBA’s Hall of Fame.

Earl Graves Sr.—An aide to Bobby Kennedy whose world seemed to come to an end the day Bobby Kennedy was killed in Los Angeles, he had an idea about going into business for himself. He went back to New York and started making the rounds of the banks, and every one of them slammed the door in his face when he put forth his idea of starting a financial magazine for the African American community. He finally got a loan from a bank that obtained an SBA guarantee so that it would get most of its money back if he failed. Earl Graves has gone on to become an incredible role model and his *Black Enterprise* magazine is a huge success by any standard. He now sits on several corporate boards and was one of the largest soft drink bottlers in the Mid-Atlantic region. He has been a great success and an indelible inspiration at whatever he has tried.

Tom Stemberg—He had an idea for an office supply company and started a company he called Staples that almost went out of business even before it got started when the store had a disastrous fire. It was through the efforts of his employees that he was able to reopen and, as he built the Staples empire, he has always had tremendous loyalty to the people who work for him. He has become a disciple of contingency planning because, as he told me, it’s not a question of if problems are going to arise, but when, and if you are ready to face them.

It's been my experience in meeting thousands of successful small business owners that it's not where you start that's important, but where you end up. Many of the decisions these small business owners made, many of the challenges they faced and overcame, have allowed them to become greater successes than they ever imagined. Listening to them provides the fledgling entrepreneur with practical advice about how to start a business or how to take a business to the next level. Regardless of the type of business, or where that business is in terms of its growth, others have gone before you and have experienced what you are experiencing. It is critical to learn from them—and it will be critical for those who come next to learn from you.

If you can teach a small business owner something that he or she doesn't know but that is critical to the growth of the business or that allows him or her to avoid a critical mistake, you have helped put that person on the road to success.

That is what I am endeavoring to do in this book. Over the years, many successful small business owners have helped me; now, I hope to give some of that help back.

I believe businesses of all types are evolutionary. No one starts out as a household name listed on the Fortune 500. Most people start at the bottom and work their way up. No two businesses are exactly the same. They bring very different resources or skill sets to their enterprise. In writing this book, I have attempted to provide subject matter that would be relevant to multiple audiences. Many people who read this book are just beginning as small business owners and need basic information that they can utilize immediately in their businesses.

Others are entrepreneurs who have been at it for a while and maybe have experienced success already, but who are committed to taking their business to the next level. These businesses have already mastered the basics, but they need some critical advice to overcome a challenge or to learn from someone who has already achieved what they are attempting to accomplish.

Finally, some may not even be close to being in business, but they are trying to decide if they want to be or should be in business for themselves. They may be going through a process of

determining if this is right for them. They may say, “I didn’t know that or I never thought about that.” Maybe a lightbulb will go off and it will help them make the best decision.

At the end of the day, each person who invests time reading this book—whether that is someone just starting out or contemplating his own business or someone at a new stage of growth of his business, even if he thinks of himself as an experienced entrepreneur looking for a new challenge or perhaps an exit strategy—should expect to receive something relevant from what follows.

I am reminded of the process someone goes through when making an important investment. If you’re working with an expert or financial services professional, he or she determines your objectives and risk tolerance because many people believe they are more knowledgeable and more of a risk taker than they probably really are. By going through a simple set of questions or hypothetical situations with the financial planner, you can get a very clear take on what the best course of action is for you. By imagining what could happen, pro and con, you are in a much better position to make a good decision. It’s similar when making important decisions about your small business.

Many people think they should be their own boss and have their own business because it seems glamorous to be their own boss, potentially make lots of money, and be totally independent, but the truth is often very different: You’ll work harder than you ever worked; you probably won’t make any real money for much longer than you expected; and, as for freedom, you will devote all your free time to this new dependent called *your small business*. Reality has a way of confronting you in ways you never imagined or expected. Don’t get me wrong. I know from personal experience the incredible opportunities and rewards that being in business for yourself can provide you and your family. I also know it won’t be easy. Most people want to work for themselves, but many should not.

So let’s begin our journey.