

ARE YOU AN ENTREPRENR

Many people harbor dreams of running their own business – answering to no one but themselves. However, being the chief cook and bottle washer requires a certain type of person.

By Monika Miles, CPA

ENTREPRENEUR?

"I'm smart; I'm driven, I'm tired of working for "The Man" (or "The Woman," if you prefer.)

"The boss is making \$500,000 a year, and I'm making (insert significantly less \$\$ here), and I'm doing the prospecting, projects, etc. If I can work that hard for someone else, why not do it for me and share in the profits?"

"I have an idea about manufacturing a light affixed to the outside of bathroom stalls, so that when you close the door and slide the lock, the light outside turns red. Then, people waiting in line wouldn't have to bend over, looking under stalls to see if a restroom is occupied."

Yes, I have actually uttered these three phrases. And had a girlfriend not given me a reality check several years ago, I might have started a business making "can lights." Instead, I determined that (a) a big part of my dream was a money driver, (b) entrepreneurship was in my blood and (c) I understood taxes better than the nuances of lighting manufacturing. So it was time to venture out of the corporate world. Five years ago, I bade farewell to Big 5 public accounting and with a partner started a state tax consulting firm. Statistics indicate that more than 80 percent of businesses fail in the first five years. What has made our business a survivor? A lot of hard work? A little luck? An entrepreneurial mindset? Yes, yes and yes. And probably some other things as well.

All of us, at various points in our careers, have wanted to throw up our hands and quit. And most of us have had visions of working for ourselves and not ever having to answer to a boss again. But many of us don't ever do it. Why not?

I believe that for many people it's a combination of a couple of things – fear and money. Specifically, too much fear and not enough

money. It's difficult to leave a paycheck, no matter how bad the situation is at work. In order to venture out on your own, you have to be willing to take a pay cut. In the long run, you may very well make much more than you would have if you stayed in that corporate job, but in the short run (or even the medium run) you will likely earn substantially less. Taking a pay cut in your prime earning years also means saving less for retirement during the start-up years. In my first year of the new business, my partner and I took distributions out of the business when we could but didn't fund retirements. I was proud when in year two we began taking a regular salary and establishing and funding a SEP IRA. To this day, we've never missed a salary, and the SEP has always been fully funded.

Fear of failure is also a driving factor. You can talk yourself out of starting a business fairly easily because statistics are against you. A majority of new businesses will fail in the first few years. But enough about why you wouldn't do it. Why would you become an entrepreneur? Obviously I have my own thoughts, but I queried a few friends and colleagues as well. I shouldn't have been too surprised to find that we had the same answers to many of these questions.

All of these women are in my circle of friends and professional colleagues. We help each other with business issues from time to time. Together, we have compiled some experiences for those thinking of venturing out on their own.

JOIN NETWORKING GROUPS TO SHARE EXPERIENCES. SURROUND YOURSELF WITH PEOPLE WILLING TO HELP YOU WHEN YOU NEED SOME ADVICE. JOIN GROUPS THAT CAN EITHER PROVIDE YOU RESOURCES – OR CUSTOMERS – FOR YOUR BUSINESS.

Six Characteristics

In our informal research, we've discovered that successful entrepreneurs generally share these six characteristics:

A commitment to excellence: Owning your own business demands that you stay focused on high-quality, ethical service and products. When you are the boss, you set the "tone at the top."

A belief in yourself: You'll need the courage and the belief that you can be successful and that people want to buy and will buy your product or service. "Play to your strengths," says Mary Roensch, owner of M Roensch Consulting. "Create a business around something you know."

Flexibility: You can't run your own business without the flexibility in both spirit and action to handle the various unknowns that will come your way – and the grace to deal with them.

People skills: As the boss you'll deal with clients, vendors and employees. How you interact with other people will directly reflect on the success of your business.

Unparalleled enthusiasm: "You should have over-the-top enthusiasm for the service or product you provide," Roensch says. "If you are excited about what you do, your staff and customers will be too." Similarly, our business has flourished by focusing on the client and never forgetting that without our clients we wouldn't be in business.

Ability to separate business from personal issues: "A business owner must have the ability not to take all business decisions personally," says Linda Harris, president, Linda E. Harris, CPA PC. Despite your wonderful client service, a potential client may not select your firm. While challenging, it's important to recognizing that it's just business rather than personal rejection.

Five Benefits

On a good day, I can come up with myriad reasons why it's better to own my own company rather than working for someone else. And even on a bad day I can still come up with a handful of reasons why being an entrepreneur is the way to go for me. My friends and colleagues came up with five overarching benefits to going out on your own.

Freedom and flexibility: We all agreed that one of the best things about having a business is the freedom and flexibility of setting your own schedule. "It's nice to ultimately be responsible only to my clients, my staff and myself," Roensch says. "Not having layers of management hovering over me is liberating and invigorating." Further, it's nice to be able to make decisions quickly, particularly where billing and pricing are concerned. At a large firm, you often have several layers of discussion and approval to get an engagement letter to a client. In our business, my partner and I evalu-

MY OWN BABY

It's my baby. It was born just five years ago. My business partner and I got together, decided we shared a common vision and decided to "marry" our names together to start a business. At a kitchen table, we both wrote a check out of our personal accounts and put them in an envelope to send to the attorney for his retainer to establish our corporation. There was a bit of pomp and circumstance when we put the stamp on that envelope. Our baby was born.

Then we had to name it and register it (with the federal and state governments). We had to dress it for the first time (in a logo). And we had to get used to staying up late with it while we fed it (in the form of writing brochures, designing the first

Web site, developing the budget and business plan).

When it started walking, we had to make sure it didn't hurt itself (or someone else), so we insured it (D&O, liability insurance, etc.). We had to make sure it had the right friends (or "power partners," networking groups, etc.). And we had to make sure it was secure (the computer network), in case the boogey man was hiding under the bed – or on the Internet.

After a few years, we needed to take the training wheels off and give it the tools to ride on two wheels. It needed some tweaking to the logo, a new Web site, some new stationery. We needed to find a bigger home for it, so we rented some office space.

It needs to stay educated, so we buy it CPE, conferences, association dues – even a tradeshow booth (this year), so it can show off just how pretty and successful it is now. And the parents are so proud.

And like a child, it needs constant nurturing. It needs to know we are there for it and that we want it to continue to grow and mature into a thoughtful, ethical entity, far into the future. We anticipate there may be some rough spots in the teen years, but we don't know what they'll be yet. But we also know that if we take care of it, it'll help take care of us as we get older.

Yes, it's my baby, and it has my name on the door.

– *Monika Miles*

ate, discuss and make a decision quickly and get information to clients and prospects.

Creativity: Entrepreneurs across the board can often be heard to wax poetic on the opportunity to be creative and build something from the ground up. There's an immense satisfaction that comes from creating an entity that provides needed services to clients while providing rewarding, financially lucrative work.

Variety: Being your own boss often leads to having a variety of clients and projects and being able to choose the clients you want to work with. When you work for a corporate giant, you certainly can't say, "I don't want to work for that client anymore." When you're the boss, you choose the type of business you go after – and the clients you choose to keep.

Financial success: For better or worse, as a business owner you are responsible for "making the rain," and you control the finances. For some, those meant to be entrepreneurs, this can provide a serious rush of adrenaline. Know how much money you need to make and be sure you have a safety net to see you through the tough spots. Too many businesses fail because the owner doesn't plan for a rainy day or budget correctly at the beginning. Start out small and be realistic. Trust that the first few years are an investment in the business' future. That said, don't be afraid to take a regular salary or distribution, but make it sustainable and realistic.

I'm a firm believer in rewarding myself for victories. If you land a new customer, buy yourself a fabulous pair of shoes. If you have a great year, pay yourself a bonus.

Pride: "I enjoy the huge sense of pride it gives me knowing that the success of the business is directly related to my efforts," Harris says.

Challenging Times

It's not all days of wine and roses in "entrepreneur land," however. There are some challenges to entrepreneurship, and the grass isn't always greener.

When you're the owner, everything rests on you. It can be lonely at the top – creating your own business means "the buck stops here." This means, "you get to do it all, even the tasks you swore you'd never do again," Harris says. Not only are you responsible for the product or services you provide to customers but you're also responsible for the livelihoods of your staff. And, despite the potential financial suc-

cess in owning a business, business owners are always a little worried about cash flow. Every paycheck depends on your diligence in billing and collecting.

"It's tough to deal with business cycles that you have no control over," says Cherryll Sevy, president and founder of Cypress Ridge Solutions and Insurance Services Inc. As a small business owner, you can get hit with unexpected revenue losses because of economic factors. In Silicon Valley, during 2001 and 2002, companies were doing so much downsizing that consulting was often one of the first things cut out of a budget.

If your name is on the door, you'd better be good, so there's little room for error. When you are the owner, you must always deliver quality because you can't hide behind a big, nondescript name. You must focus on continually marketing your business, even when you're busy. No one else will do it for you. Sometimes it's hard to make time for networking and marketing because we're so busy working in the business. Don't forget to work on your business and not just in your business.

"Consistency and persistence are more important than a slick brochure," Sevy says. "Keep calling your clients and prospects."

Join networking groups to share experiences. Surround yourself with people willing to help you when you need some advice. Join groups that can either provide you resources – or customers – for your business. Choose a mentor who you can discuss your ideas with and who can give you guidance and support. It's also good to belong to diverse networking groups. For instance, I belong to ASWA, the National Association of Women Business Owners, Vistage (executives discussing business issues) and one less structured roundtable networking group with owners of smaller consulting firms.

When it comes right down to it, only you can decide if you've got what it takes to be an entrepreneur. But as far as I'm concerned, I couldn't imagine working for anyone else again.

Monika Miles, CPA, is a principal of Labhart Miles Consulting Group, Inc., a five-year old state tax consulting firm in San Jose, Calif. She is an ASWA member and currently serves on the ASWA National Board of Directors.

THE FOLLOWING SUCCESSFUL WOMEN ENTREPRENEURS CONTRIBUTED TO THIS ARTICLE.

LINDA HARRIS is president of Linda E. Harris, CPA PC in Absarokee, Mont. She is an ASWA member and currently serves as the chair on the Board of Directors of the ASWA Educational Foundation.

MARY ROENSCH is the owner of M Roensch Consulting, which is celebrating its 10th year of providing accounting services to emerging businesses in the San Francisco Bay area. She is an ASWA member and former president of the Silicon Valley Chapter, as well as a former ASWA National board member.

CHERRYLL SEVY, president and founder of Cypress Ridge Solutions and Insurance Services Inc. in San Jose, Calif., has owned her own consulting business for nearly 25 years and is sure the "E" in E-ticket is for entrepreneur. She currently serves on the board of directors for the National Association of Women Business Owners – Silicon Valley.