

**Be Your Own Boss?  
For Some, Self-Employment Could be the Way Out of the Recession**

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Labor Day 2009 has come and gone. For many American workers, September 7, 2009 marked the end of summer activities and a return to business as usual. For many others, however, this year's Labor Day served as a dismal reminder of the current job market. Despite experts' predictions of an end to the current recession, the unemployment numbers in Minnesota and other areas in the U.S. still give job seekers little hope of finding immediate work.

Depending upon a person's profession and their skills, there may exist an alternative path to individual economic recovery: being your own boss. A great number of highly skilled professionals who have found themselves looking for work - be they marketing specialists, finance professionals or even lawyers - are experiencing a paradigm shift from "employee" to "business owner/employer." Some are forming consulting companies and servicing the same industry in which they once were employed. Others are making a decision to launch the business idea they may have had for years; these are the sidelined entrepreneurs that have now been freed to pursue their greatest dreams.

The transition from an employee to a business owner is not easy; it requires strategic thinking, help from qualified experts and, most importantly, hard work and dedication.

For those considering this transition, here are a few helpful guidelines to follow:

**1. Create a Business Plan.** Some businesses succeed in the absence of proper planning simply because of the strength of their product; these are a rarity. A successful business requires a well-crafted business plan, one that includes among other things, a competitive analysis, a marketing strategy, and realistic financial projections. A business plan is an absolute prerequisite not only for the business owner seeking debt or equity financing, but for all business owners; proceeding without a business plan is akin to a "ready-fire-aim" strategy that will leave you in a worse position than if you did not start the business at all.

**2. Finance Your Business Properly.** Dumping your life savings into a new business idea is a romantic notion, but rarely results in long-term success. However, a well-capitalized business that is grounded on a solid business plan is almost guaranteed to succeed. Still, do not expect to walk into your local bank - especially in the midst of the worst credit crisis in a generation - and anticipate walking out with all the financing you need for your new venture. Instead, be aware of the various options which exist. Depending on the nature of your business, you should be aware of private "microloans" and grants, as well as state and local government business financing incentives. Venture capitalists and angel

investors are also possibilities, but before exploring that route, make sure to look closer to home: perhaps a friend or family member believes in your idea and wishes to participate in it. Additionally, there exist companies which can assist in the creation of a self-directed IRA which might allow you to invest funds which may otherwise be unavailable to you in the new venture (this option, however, requires careful planning and consultation with your financial advisor, as well as your tax and legal advisors, to avoid unintended consequences).

**3. Create and Utilize a Team of Advisors.** Use of experts to cover the areas of running a business with which you are not familiar is essential to your long-term success; doing otherwise will result in you burning out and increase the chances of your business failing. Running a business requires a team of competent advisors - business consultants, marketing experts, a business lawyer, accountant, payroll specialist (if you have employees), and many others. There are a great many of these advisors who, contrary to what you might think, are willing to work with startup businesses (and adjust their billing accordingly). Simply put, focus on what you do best and let the experts do the rest for you. Experience shows that spending the money up front to hire a proper advisory team will save money and valuable time in the long run as you can avoid costly mistakes.

**4. Make Use of Available Resources.** In the Minneapolis-St. Paul metropolitan area in particular, there are a number of organizations designed to assist new and small businesses, including Twin Cities Entrepreneurs, the American Association of Microbusinesses and New Business Minnesota. These organizations are open to all new business owners for little to no financial investment, and all offer networking and educational opportunities that are priceless.

**5. Relax When Necessary.** Being a new business owner can be a stressful endeavor, and you will feel the urge to work 24 hours a day, 7 days a week, 365 days a year, to ensure that your business "makes it." Resist this urge. In order to be a successful business owner, you need to strike a proper balance between your business and your personal life. Spend time with your family, continue to pursue your other interests and keep yourself healthy. By enjoying your "down time" when possible, you will reinvigorate yourself while at the same time enjoying the fruits of your hard work.

For individuals who have made the decision to leave the ranks of the employed and join the ranks of the business owners, there are no guarantees or magic formulas to ensure ultimate business success. Still, business ownership offers the chance at a financial security greater than any offered through traditional employment. If you are making this transition, congratulations, and we look forward to hearing from you and helping you achieve your business goals!

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