

Statistically, Entrepreneurship=Failure, but It Doesn't Have To

Let's face it - statistically, you have a better chance of taking your retirement savings and betting it all on Black at Horseshoe. For my generation, that's like putting \$50,000 on a 70% chance of losing it all.

Seriously though, entrepreneurship is a hard gig. As I sat down to write this, I realized how fortunate I am to have worked with some of the most dedicated people in the world - entrepreneurs. They live, eat and breath their ideas and businesses. They wake up **at 5 am** to do paperwork so they can work all day in the store. They lock themselves in their offices and tear up after they have to fire someone even when they know they saved 5 other jobs by cutting the position. They get so excited when their loan is approved that they do cartwheels across the parking lot - literally.

The statistics don't have to stack up against you. Whether you are in business already and need some help or are looking at taking the plunge, these (entirely unscientific) observations from my work with entrepreneurs the last 12 years illustrate some of the pitfalls and how some Southern Indiana businesses dealt with them:

1) Competition - I hear all too often the phrase, "I don't have any competition because we are just that good/different." Businesses thrive off of competition - it makes you leaner, stronger and more agile or... it kills the business. Look at Ian Hall's The Exchange pub + kitchen in New Albany. He moved from a fairly light competition market on Grant Line Road to downtown New Albany packed with other eating establishments - and he's thriving. He's had to find how to differentiate himself among those competitors and get his message heard. He also gained enormous visibility with the move and is working with the other downtown restaurants to pull more people into the area.

2) Financing - Another favorite of mine for first time meeting openers: "I need \$16 bazillion to expand this business." Being realistic about your financing needs does two things - it keeps you from overstepping your ability to pay it back and gets you closer to securing the money in the first place. Look at Dr. Bill Ehringer from Energy Delivery Solutions in Jeffersonville. Instead of moving his biotech firm into an enormous, expensive lab with huge rent payments, he bootstrapped the business and has grown into a space incrementally. He took the time to lay out the office space so that he could compartmentalize the future growth of the business. Now, construction is happening 20 feet down the hall, but you'd never know it from the busy work happening in his existing space and the structured lease payments.

3) Experience - While in Montana, I had a client who wanted to open a florist shop, but had never worked with flowers, retail stores or even designed an arrangement... she just loved flowers. Experience is key, and running a successful business is hard enough when you know the industry. If you are trying to learn marketing, sales, finance and human resources as you are also learning to actually create your product, the end is probably near. Dawn Justice of New Dawn Daycare in Sellersburg had worked in daycares for years in various roles before

purchasing an existing business and turning it around. Her, and her husband Roger, tackled the business aspects together since Dawn knew all of the regulatory issues and child development aspects.

4) Support - I had a client a few weeks ago say, "My wife threatened to divorce me if I opened this business, but..." You need a support system in place from day one - period. Read back up about how entrepreneurs are up doing paperwork at 5am. If your family is not supportive and you haven't built a supportive team of professionals to help you, then you will always be fighting fires from all sides instead of having a soft place to land when the company hits a speed bump. In 1985, Paul Staashelm bought the independently owned, Ace Hardware on Charlestown Road. His answer to support was to bring sons Jim and Gary into the business with him to make it a "helpful place" everyday. You can feel the family atmosphere when you walk into this neighborhood pillar. While family businesses always have their own challenges, this family will never regret the time they spent in a 9-5 job missing special family events and time together.

Every single day, the ISBDC receives calls from people wanting to start a business or who have a business that is in trouble - some we can help... some we cannot... but we always try. There have been thousands of studies on why businesses fail and why they succeed - it isn't for the faint of heart, but it is entirely rewarding. Even though I've worked with thousands of businesses over the years, it is always a thrill to see one succeed. Gain some experience, don't ignore your competition, build your support network and take a long look at the finances to avoid being just another statistic.