

When the Going Gets Tough, Many Boomers Start Small Businesses

by Eileen Beal

According to business consulting firm Emergent Research, the current recession has created a small business boom. And, says the firm's annual Small Business Trends Report, Baby Boomers are leading the small business charge.

Many have been thrown unwillingly into early "retirement" by the tanking economy and are looking for the job security that comes with business ownership. Others went the gold-watch or buy-out route, but with better health at retirement, longer life spans, and shrunken retirement resources, they start businesses to generate income and stay productive.

Personal service businesses – such as tutoring or consulting – and Internet marketing offer the most start-up opportunities. These kinds of businesses don't require a lot of up-front financing, equipment or merchandise; they can be run out of the home; and have a built-in "market" – local people. "But they are labor intensive – you are the business – so they are hard to grow," says Dr. James Martin, Associate Dean and Professor of Marketing at John Carroll University's Boler School of Business.

People who successfully launch small businesses succeed for two reasons. "They are realistic in their expectations – about how much work they will be doing, who will do the marketing, how much income they will be bringing in, etc. – and base their decisions on reality," says Robert Balantzow, a retired lawyer who provides free business counseling for the Cleveland-area chapter of SCORE (Service Corps of Retired Executives).

And they plan to succeed.

Planning is everything

The first step to starting a successful business is to figure out what kind of business you want to start. Some people – for instance consultants – want their "new" business to be a continuation of their old job. Some – for instance the local physician who becomes a jewelry designer – want a complete departure from their previous job. Others want to turn a hobby into a business. "But," cautions Balantzow, "don't turn your passion into a business unless you are committed to producing things that others want, not just what you want to make."

Sources and Resources

For more information on starting a business check out or visit:

Books

Blue Ocean Strategy, W. Chan Kim and Renée Mauborgne, 2005

What color is your parachute, Richard N. Bolles, 2009

Websites

“2009 Top 10 Small Business Trends,”

genylabs.typepad.com/emergent_research/2009-top-ten-small-business-trends.html

Cleveland’s Council on Smaller Enterprises,

www.cose.org

Ohio’s First Stop Business Connection,

www.odod.state.oh.us/onestop/

SCORE (national),

www.score.org/learning_center.html

SCORE (local),

<http://cleveland.scorechapter.org>

U.S. Small Business Administration,

www.sba.gov

the current banking crisis, that’s going to be difficult because “the current economic situation has crippled most people’s ability to get bank financing.”

That doesn’t mean financing is not available, he adds. It just means people have to be creative in putting together the funding package. To do that, he suggests seeking funding through “alternative” lenders, such as

the Small Business Administration (Patriot Loans are available to those who’ve served in the military) or WECO Fund (loans are available to low-to-moderate income people in Cuyahoga County). Funding could also be secured from family members or friends; partners (silent or otherwise); and suppliers. For example, if a new business requires lots of equipment – as catering does – he suggests getting it financed through the company from which it’s purchased.

What you absolutely don’t want to do, stresses Balantzow, is use credit cards or dip too deeply into savings. Using the former could put your future creditworthiness at risk and doing the later could put your future at risk. Step five is work the business plan. And advises Dr. Martin, “If you don’t have specific skills – for instance financial management or marketing skills – you need to find people who do.”

Step six is simple. “Pray,” says Balantzow.

Eileen Beal is a health writer specializing in issues related to aging and caregiving. “Successful Aging” is provided by the Benjamin Rose Institute, accessible at www.benrose.org. The nonprofit social service agency has been assisting older adults and their families since 1908.