

# Starting Over

UNEMPLOYMENT CAN PROVIDE A NEEDED INCENTIVE TO FULFILL YOUR DREAMS. WILL IT BE EASY?

NO, BUT THESE TIPS CAN GIVE YOU AN EDGE. BY MARK HENRICKS

**M**elanie and Kent Yunks road from high-tech employees to barbecue-sauce entrepreneurs began with a pink slip -- actually, a pair of them. Shortly after Kent lost his job when his dotcom employer's backers backed out, Melanie's Silicon Valley company failed to renew her contract. When the hundreds of resumes they sent out produced scant notice and no job offers, the Yunks decided to sell their house and invest the proceeds into buying or building a business that would keep them employed.

"We needed to make our own jobs, basically," Melanie says. They got semiserious about Caribbean home building and a Hawaiian bed-and-breakfast before finding Big Acres Marinade and Barbecue Sauces. The tiny San Carlos, California, company had been operated part time for years by the sauces inventor but was suffering from neglect and nearly nonexistent marketing when the Yunks appeared. Given that they had been brushing their own 'que with the sauce for years, it almost seemed predestined they would buy the brand and become co-owners of Melanie's Fine

Foods Inc. in April 2002, a year after their twin layoffs.

"It's been both challenging and fun," reports Kent, who's gone from supervising a marketing team to stalking grocers with sauce samples. "We love what we do, we really do," says electrical engineer Melanie, adding the piquant observation that almost everyone else on Kent's old team is still unemployed.

## THE LAUNCH

If unemployment looms in your own future - or perhaps is already here - and you're thinking of starting a business as an alternative to looking for a new job, entrepreneurship expert Jeffrey Babin says the most important thing you can do is strip your business idea down to the absolute basics. "Make sure you have a clear, simple product or service offering that delivers value to a customer base, and that you're able to sell to that customer base," Babin says. You can get more free advice, education, and even funding assistance from Small Business Development Centers, which are backed by the federal Small Business Administration and usually affiliated with higher education institutions and local government agencies. Learn more at the SBA website, [www.sba.gov/SBDC/](http://www.sba.gov/SBDC/), or by calling the Association of Small Business Development Centers at (703) 764-9850, or checking out its website at [www.asbdc-us.org](http://www.asbdc-us.org)

**N**ew business starts typically increase during recession, as unemployed people opt to create their own ventures rather than venture back into the corporate world. The latest recession is different, as entrepreneurs haven't stepped into the fray as readily. But Jeffrey Babin, a strategies consultant and lecturer on entrepreneurship at the University of Pennsylvania's Wharton School, says unemployment remains a spur to venture creation. "It absolutely can be a catalyst," says Babin. "You encounter people who have a business plan they've been working on for years while they had a job. Losing a job can make them say, 'Now's the time.'"

That's what happened to Jim Rauch when he was laid off by a San Diego

advertising firm in August 2000. He and his wife dreamed of owning a bed-and-breakfast in Sedona, Arizona, since vacationing there seven years earlier. A week after he lost his job, they drove to Sedona, looked over some properties, and began negotiations to buy one. By January they had sold their Southern California home, put the money down on the inn, and were the new proprietors of the five room Adobe Hacienda Bed & Breakfast.

Rauch reports loving the view of Sedona's Red Rocks off his patio, the independence of being his own boss, and the convenience of a daily commute measured in seconds rather than hours. His marketing skills have helped him double the inn's formerly anemic occupancy rate, and the business provides him with free housing, utilities, and meals all in a famous resort location.

**DOWNSIDES YOU SHOULD CONSIDER**

There is, however, a flip side to business ownership that former employees have to experience to understand. The likelihood of lower income, especially at first, is part of that other side. Rauch, for instance, says his annual cash income has gone from \$75,000 to \$10,000. That's partly made up for by the housing benefits and the fact that he's building wealth by paying off the inn's mortgage and generally increasing the business's value. But he still pays his housekeeper more than he pays himself. Lifestyle benefits have to fill in the gap. "You're paying yourself by living here," he says.

Another surprise awaits the entrepreneur who comes from an organization that has always provided support services for which he is now responsible. After 24 years with IBM, the last few as principal in a Chicago consulting division, Cliff Kyle was downsized in October 2001. Kyle had offers to stay with Big Blue in another capacity, as well as to join other firms. But after seeking

spiritual guidance, the lifelong employee decided to follow in the footsteps of his father, a small-business owner, and make his own job.

Using his severance pay, Kyle purchased an AlphaGraphics print shop franchise in Tinley Park, Illinois, in April 2002. The business got off to a fast start and was generating a profit within six months. "We're loving it," Kyle says, but there is one catch. "The store opens at 7:30. When I come in and there's trash to be taken out, I'm the guy to do it. The closing hours are at 6:30, and it's like the captain of a ship: First one on, last one off. Everything that has to get done is ultimately my responsibility. I've had to get used to those types of things."

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**MAKING IT WORK**

Starting a business to replace a lost job may sound desperate, but ex-employee entrepreneurs actually have a good chance of making it work. Veteran workers likely have skills and, more importantly, contacts that can help them generate a high-quality product or service and find customers to

buy it, notes Wharton entrepreneurship expert Babin. And, while entrepreneurship isn't necessarily a rapid road to riches, as it was in the late 1900s, it may be less risky today because many costs - especially labor and real estate - are much lower than during the boom. All that's icing on the cake for laid-off employees who have found starting a business gives them a job, and much more besides. After tasting the independence of self-employment, innkeeper Rauch says working for somebody else has lost its allure. "Id never go back," he vows, "not if I can help it."

MARK HENRICKS IS THE AUTHOR OF *NOT JUST A LIVING: THE COMPLETE GUIDE TO CREATING A BUSINESS THAT GIVES YOU A LIFE* (PERSEUS PUBLISHING, 2002).