



Quick Search

Search in:

- [SFGate Home](#)
- [Today's Chronicle](#)

- [Sports](#)
- [Entertainment](#)

News & Features

- [Business](#)
- [Opinion](#)
- [Technology](#)
- [Crime](#)
- [Science](#)
- [Weird News](#)
- [Polls](#)
- [Photo Gallery](#)
- [Columnists](#)
- [Lottery](#)
- [Obituaries](#)

Personal Shopper

- [Classifieds](#)
- [Jobs](#)
- [Personals](#)
- [Real Estate](#)
- [Rentals](#)
- [Vehicles](#)

Regional

- [Traffic](#)
- [Weather](#)
- [Live Views](#)
- [Maps](#)
- [Bay Area Traveler](#)
- [Wine Country](#)
- [Reno & Tahoe](#)
- [Ski & Snow](#)
- [Outdoors](#)

Entertainment

- [Food & Dining](#)
- [Movies](#)
- [Music & Nightlife](#)
- [Events](#)
- [Performance](#)
- [Art](#)
- [Books](#)
- [Comics](#)
- [TV & Radio](#)
- [Search Listings](#)

Living

- [Health](#)
- [Home & Garden](#)
- [Gay & Lesbian](#)
- [Horoscope](#)

Resources

- [Search & Archives](#)

Going it on their own Dot-com dropouts try their hand at small business

Pia Sarkar, Chronicle Staff Writer



Long before the dot-coms boomed, Melanie and Kent Yunk lived and breathed technology.

She stepped into the tech world in 1989, working as an electronics engineer for companies like Intel and Honeywell before starting a consulting service. He entered the sector in 1990 doing marketing for software companies like McCormick Systems as well as a string of dot-coms, including MarketFirst and HotDispatch.

Then the market collapsed, and their jobs vanished.

Now the couple live and breathe barbecue sauce.

The Yunks are the proud owners of Melanie's Fine Foods, Inc., which they formed after purchasing the recipe and trademark for Big Acres Barbeque and Marinade Sauces of San Carlos in April.

When the sluggish economy drop-kicked them into the unemployment line last year, the pair responded by starting their business, joining hundreds of others frustrated by rejected job applications and anxious to work again.

"For myself, I just don't want to be tied to corporate America," said Melanie Yunk, 40, of San Carlos. "I just really want the freedom of having my own business. Maybe I'll be the big corporation one day, and people will be coming to me for jobs."

Although the U.S. economic downturn has not produced an outbreak of new businesses -- fewer businesses opened across the country last year than in 2000 -- it is forcing people who never before considered becoming sole proprietors to weigh that option.

Sunday, August 25, 2002

San Francisco Chronicle
[CHRONICLE SECTIONS](#)

- [Printer-friendly version](#)
- [Email this article to a friend](#)

Business & Finance

Get Quote:

Symbol Name

▪ **Main Business & Finance Page:** Stock quotes, portfolio, funds and more...

▪ **SFGate Technology:** It's a high-tech world - - we just plug you into it...

TOP JOBS AT WORK

▶ **RESTAURANT**

exp'd Asst. Mgr, Host (ess) & Servers

▶ **LAW**

Enforcement CHIEF OF POLICE \$51,084-

▶ **HEALTH**

Activity Assistant, the Sequoia Port

▶ **MEDICAL**

TECHNICAL AIDES DIALYSIS Entry level

▶ **DRIVERS**

Class A or B Commercial Drivers

[SF Chronicle](#)

▶ **CUSTOMER SERVICE**

Customer Service Reps

[SF Chronicle](#)



- ▀ Feedback/Contacts
- ▀ Corrections
- ▀ Newsletters
- ▀ Promotions
- ▀ Site Index

Chronicle Services

- ▀ Report a Problem
- ▀ Vacation Hold
- ▀ Subscribe
- ▀ Contact

Advertising

- ▀ Advertise Online
- ▀ Print Classifieds
- ▀ Place Print Ad
- ▀ Media Kit

While such a move is fraught with risk -- one-third of all new businesses fail within their first two years -- it appeals to a growing number of people once drawn to the entrepreneurial world of technology.

MORE LOANS IN 2002

In Northern California -- a region hard hit by tech layoffs -- the U.S. Small Business Administration approved 1,691 loans in fiscal 2002, compared with 1,257 the year before.

"In an economic downturn, you see a lot of people turn to venture creation on their own," said Jerome Engel, executive director of the Lester Center for Entrepreneurship and Innovation at UC Berkeley.

"It's an external response that doesn't require validation. All you need is a customer."

That attitude has played out in San Jose, where training classes on how to start and manage a business have been packed with people who recently fell out of the job market.

WORKSHOP BOOMING

Mike Strozza, who runs the five-hour workshops at the Entrepreneur Center in San Jose, said the dot-com crash had a lot to do with the growing number of people showing up to his class.

"Since the failure of the dot-coms, we fill these classes up daily," he said.

Attendance for the workshop, which is sponsored by the SBA and serves Santa Clara County, has more than doubled since last year, according to Michael Elkin, assistant director for entrepreneurial development for the SBA's San Francisco regional office.

A year ago, the average class size was between 20 and 25 people; now it is up to 60, with a waiting list for more. Classes on "How to Start and Manage a Business" cost \$40.

Elkin said attendance for similar workshops in San Francisco have also surged past last year's numbers, while classes in Oakland have held steady.

During a recent session in San Jose, Strozza coached his students on how to get their businesses off the ground.

"Many of you are here because you like your independence," he told the class of budding

▀ SALES

Commission Sales Specialists

[SF Chronicle](#)

▀ ADVERTISING SALES

Customer Sales Rep
Sales Assistant

[SF Chronicle](#)

▀ SALES

Digital Sales Specialists

[SF Chronicle](#)

▀ SALES

Digital Sales Specialist

[SF Chronicle](#)

▀ FINANCE

Assistant Revenue Acct'g
Manager

[SF Chronicle](#)

▀ HEALTH

Health and Safety
Specialist

[SF Chronicle](#)

▀ EDUCATION

Teach English in Japan

AEON

▀ MORTGAGE

The Next Stage

Wells Fargo

▀ DRIVERS

CLASS A/CLASS B

[SF CHRONICLE](#)

▀ ADVERTISING SALES

ACCOUNT EXECUTIVES

[SF CHRONICLE](#)

▀ ADVERTISING

NEW VENTURES

[SF CHRONICLE](#)

▀ ADVERTISING SALES

COMMISSION SALES

[SF CHRONICLE](#)

▀ SALES

DIGITAL SALES

entrepreneurs. "You don't want to depend on anyone for a salary because it's crazy out there."

Strozza, a small-business owner himself, sounded as if he'd lifted his material out of a textbook for Capitalism 101, reviewing ways to make a business profitable, discussing how to distinguish a business from its competitors and teaching methods of assigning value to a product or service.

He also touched on details that might not occur to first-time entrepreneurs,

like how to fill out an invoice.

"Nobody's going to write your paycheck," Strozza emphasized. "You've got to stay on top of this at all times."

TECH-SECTOR REFUGEES

An informal survey of the class showed that about half the participants wanted to go into business for themselves as a response to the distressed economy. Two-thirds of the class raised their hands when asked if they had worked in the tech sector.

Astha Mathur, 32, of Cupertino is clinging to her part-time job at a software consulting firm where she has worked for more than two years.

"We have downsized dramatically," she said. "We're just hanging on until it closes."

Mathur started hunting for other jobs while nervously watching her co-workers receive pink slips.

"People had to go back to India because they lost their H1-B visas," said Mathur, who is also an Indian immigrant.

She heard stories of colleagues yanking their kids out of school midyear, of people giving away their furniture because they had no time to sell it.

Mathur does not want the same thing to happen to her. So she decided to look into starting her own import business, selling products from India. She's still in the planning stages.

ICE CREAM PARLOR

Anthony and Vickye Hayter of San Jose both worked jobs in the tech sector, lost those jobs, then found replacements. Tired of the instability, they are now planning to become local franchise owners of Marble Slab Creamery, a premium ice cream shop.

[SF CHRONICLE](#)

▶ SALES

Digital Sales Specialists

[SF CHRONICLE](#)

▶ MARKET RESEARCH

RESEARCH ANALYST

[SF CHRONICLE](#)

▶ ADVERTISING SALES

CUSTOMER SALES REP
PART TIME

[SF CHRONICLE](#)

▶ ADVERTISING SALES

CUSTOMER SALES REPS

[SF CHRONICLE](#)

▶ FINANCE

Asst. Revenue Acctg.
Mgr.

[SF CHRONICLE](#)

▶ ORIENTATION

FULL/PART TIME

[SPECTRUM CENTER](#)

[About Top Jobs](#)

[View All Top Jobs](#)

The initial costs of opening a store range between \$178,675 and \$238,275, according to Marble Slab Creamery.

Vicky Hayter, 28, acknowledged the risks of starting a business. But it is no riskier than staying in the corporate world, where jobs are not guaranteed, she said.

"If you're already taking a risk on a 9-to-5 job, why not take a risk in another area?" she reasoned.

Her husband, Anthony Hayter, 30, is wagering more hope on ice cream than technology, where he has gotten burned.

"Ice cream will always sell, regardless of how the economy is doing," he said.

That's not to say that the Hayters' business will be fail-safe. SBA statistics showed that in 2001, 10 percent of all businesses in the U.S. -- or 574,500 -- consisted of new businesses. At the same time, about 10.5 percent of all businesses -- or 585,800 -- closed their doors for good.

During hard times, the built-in struggles of starting a new business can be amplified. For one, capital is not as readily available. And a slowdown in consumer spending can limit the sales of a new product or service.

"There are more suppliers of goods and services than there are customers," said Elkin of the SBA. "For some businesses, it's hard to get business right now."

At the same time, a market slowdown offers advantages.

"In a bad economy, the resources, the people, the space, are all readily available," said John Freeman, professor of entrepreneurship and innovation at the Haas School of Business at UC Berkeley. "In the go-go period, all of that was in short supply."

Elkin added that small businesses don't have to pay the exorbitant salaries that workers got used to in the dot-com days.

SAN CARLOS BUSINESS

For the Yunks, the decision to go into the barbecue sauce business came after months of soul searching.

Both jobless and determined to stay in San Carlos,

where they had lived for eight years and built strong ties, the Yunks waded through rejection letters from prospective employers and mulled over their alternatives.

In November, when things looked bleak, they sold their house and planned to move to St. John in the Virgin Islands, where they would try to break into the real estate business.

Then suddenly, one day in January, they learned that the owner of Big Acres Barbeque and Marinade Sauces, Bill Dunlap, who ran his business out of his garage in San Carlos, was looking to sell.

The couple, who used to cook with Dunlap's sauces, agreed to take the business off his hands and penned the deal four months later. (The Yunks declined to disclose financial details of the transaction.) But even then, they were warned that 95 percent of new specialty food items fail.

"That scared the heck out of us," Melanie Yunk said.

Regardless, the pair plowed ahead, taking the money from the sale of their house and using it as capital for their business.

PARADIGM SHIFT

Barbecue sauce is a strange new world for the Yunks. Instead of tech jargon,

they speak in terms of tangy or mesquite. Their sauces are prepared, bottled, labeled and boxed by Blossom Valley Foods in Gilroy, then shipped to the Yunks' warehouse in San Francisco. They sell directly to distributors but also peddle their marinades at the Redwood City Farmers' Market every Saturday.

"We've moved into an industry with no contacts," Melanie Yunk said. "We were just blindly calling people. We made mistakes along the way. I've been yelled at by a few grocers for taking so much of their time."

Kent Yunk, 40, said that he felt like he was out of his comfort zone, having spent all his years in technology and now shifting into an area he knew nothing about.

"In some ways, it wasn't a decision I wanted to make," he said. "Now I have to stop thinking the way I thought over the last 10 to 12 years. It's just a completely different mind-set. I've got all these competitors that I never had before."

The couple's friends and family initially didn't know what to make of the business venture.

"A lot of people are really surprised," Melanie Yunk said. "But our family is very supportive about it. At first, they thought we were nuts."

So far, Melanie's Fine Foods is showing signs of progress, even though the Yunks are still waiting to reap the riches. Their sauces are distributed in 30 percent more grocery stores than when they first took over the business. And they have sold more of their products during the past four months than the previous owner sold in all of last year.

Melanie Yunk said she knows it will take time for the business to see its first fruits. But she is glad that she and her husband have taken control of their lives again.

"If we fail, we fail because we did it wrong, not because we worked for people who did it wrong," she said.

E-mail Pia Sarkar at psarkar@sfnchronicle.com.



[Get 50% off home delivery of the Chronicle for 12 weeks!](#)

©2002 San Francisco Chronicle. Page G - 1

Chronicle Sections

[Quotes](#) | [US Market Indices](#) | [Portfolio](#) | [Mutual Funds](#) | [SF Gate Index](#)

