

Face2Face, Minnetonka, MN – September 15, 2011

How to Never Worry About Layoffs Again: Lucrative Alternatives to the W-2 Employee Cage

This report was edited by Vickie Ross, and the writers were Bonnie Benson, Renee LaPlume, Judy Farniok, and Vickie Ross.

- . More than 50 people heard a four-member panel touch on such topics as:
 - consulting options;
 - starting a business that has nothing directly to do with your degrees or previous experience;
 - franchises;
 - getting spousal, family, and friends' support;
 - pluses and minuses;
 - freedom; and
 - outsourcing the things you don't know how to do and focusing on the stuff you love.

Members of the panel included:

- Bill Fruen, FranChoice, the "eHarmony for franchisees and owners";
- Gary Braley, Technically Speaking consultant;
- Peter Allen, DoGoodDiapers.com; and
- Jeanne Larson, president of The Incubator and an instructor in the Preneur Power Program at Normandale Community College.

Bill Fruen

Franchise consultant Bill Fruen helps people determine if franchising is a good fit for them – and none of the people he has helped get started have failed. But there is some information those thinking about franchising should consider before taking that leap.

- There are some myths about franchises. When thinking of franchises, most people automatically think of food service businesses or the mega wealthy. But not all franchises involve burgers and fries or those with deep pockets. Think cleaning services, hotels, hair salons and convenience stores, for example. There are 2,500 franchises in the United States covering everything from retail to customer service to business-to-business, etc.
- Franchising is a portal into opening a business quickly. The key to success is the right "fit"; the most common cause of failure is not the lack of funds but the lack of the right fit. If the fit is good, other benefits of franchising include lower start-up costs and enhanced profit margins.
- The Federal Trade Commission regulates franchising and requires a 200-page document, written by a lawyer, with a full disclosure of the franchise.

- There are two classes of franchisers. Class A franchisers want a candidate for a long-term earnings stream. Class B franchisers sell franchises. Class A candidates must have an entrepreneurial drive, a \$150,000 net worth, good people skills and the capacity to deal with anxiety.
- You don't have to be passionate about the product or service you're delivering. But you *do* have to be passionate about business.
- Franchise.org, entrepreneurship.com or a consultant like Bill can help you determine if franchising is right for you. A consultant can help you avoid mistakes and give you perspective on what to expect.

Gary Braley

Gary Braley developed his niche as a consultant and then as a public speaker by being a specific expert rather than a generalist.

He began his consulting business using the expertise he developed at Honeywell working in health care technology. He was able to stand out from the competition – big firms with general consultants – because he could speak specifically to health care technology.

Other tips Gary offered for the following tips for considering striking out on their own as a consultant.

- Yes, he had fear. There were no role models at that time. But his fear of failure was overwhelmed by his confidence in his subject matter expertise, his background, and his passion for explaining technology and helping people find solutions to their problems.
- The one thing Gary did not do well was sell himself, he said. He overcame this obstacle by adding public speaking to his repertoire. Education became his selling style, his "sales tool."
- He stressed the need for staying power. You need financial staying power, family support and the knowledge that you can do it.
- Passion drives everything. It's what gets you out of bed in the morning. If you don't have that, you may want to stick to corporate America.

Peter Allen

After years working for corporations, Peter Allen wanted to use his entrepreneurial nature by starting and executing a business idea. He had always had a passion for strategy and entrepreneurship – certainly not a passion for diapers. He wasn't even married yet.

Before he had kids of his own, Peter got the idea for DoGoodDiapers when visiting his niece and her family in Colorado, where they used a cloth diaper delivery service. That "aha moment" led him to do a business analysis that confirmed he could make this idea work. And he and his fiancée were comfortable with the risk involved with this idea.

The key points Peter made about starting your own business follow.

- Your business doesn't have to be sexy. It just has to be something people need. Someone may even already be doing it; you just have to do it better!
- You must plan for the worst case scenario and determine if you are willing to risk that actually happening. In Peter's case, the worst case scenario was (1) losing money, (2) having his house in foreclosure and (3) going back to work in corporate America. He and his fiancée asked themselves "Can we live with that happening?" and decided the answer was yes, they could.
- As an entrepreneur, you must be able to sell your idea not only to customers, but also to banks (for financing, also known as begging for money), and to friends and family.
- And, as a successful entrepreneur, you must have support from your family – not just financial support but emotional support.

Peter wrapped up his presentation by challenging everyone to "Do something daily that scares you." This could mean starting a business, calling a contact on the phone or sitting next to a stranger at a networking event like Face2Face.

Jeanne Larson

Jeanne Larson, president of The Incubator, said she has been called a Serial Entrepreneur and agrees that's a good descriptor. She is presently on her seventh business.

Thirty years ago, Jeanne was fired from a sales job. In addition to the emotional blow of losing her job, she also lost her company car and her house (she was also in the middle of a divorce). She also found she was one of only two women in her MBA class, so she bought a business!

We all have choices and what you choose does matter. There are several "kinds" of work you can do; you can be a W2 or a 1099. The most important choice is to find work that brings value to you and to your customer. Things are different in the market place today – won't be staying at a company for 35 years, experience minimal accountability, get the gold watch and then retire. So, Jeanne stressed, don't get too self-absorbed relying on a paycheck and benefits only.

Jeanne calls our list of choices of types of work the Magnificent Seven:

1. Traditional start-up
2. Franchise
3. Buy a business
4. Social entrepreneurial
5. Multiple income streams
6. Independent contractor
7. Intrapreneur

Jeanne said she is successful because she has a good team around her. She has a management team, a board and a trusted adviser team – all who contribute

different elements to make the business a success. She has had a couple of failures where, she stressed, she learned more than with the successful ones!

As with the other three panel members, Jeanne said family support is critical for success. "Without this support, you will lose the business AND the family."

Q&A

1. If you get resistance from the important people in your life, how do you handle it?

Bill: Sharing is critical. I insist on the spouse being involved when going through the process of discussion.

Peter: My spouse believed in the DoGoodDiapers idea but I had had other earlier ideas that she didn't support. She and I understand her limitations as to how involved she wants to be in the business; she is willing to be a cog in the wheel but not too heavily involved. I also want to emphasize that it's important to have goals, both short- and long-term, and to know when to get out and pull the plug if the idea is just not working.

Jeanne: You need to think differently than the routine of going to work and then coming home. You are always at work. So you must have balanced goals – business, personal and relational where there are both short- and long-term goals. I encourage couples to go through all of the steps of starting a business together.

Bill: Just getting through the process is anxiety-ridden so you need to keep your eye on the goal. "Don't look down."

2. Do you recommend SCORE?

Jeanne: Be specific about the purpose of your time with these retired CEOs and executives and remember they are retired from corporations. They are different than retired entrepreneurs. Be sure to know what you want from them.

Gary: SCORE started out as retired executives but that has changed. I gave a presentation to a SCORE group recently and the age ranged from 20s to 85. So make sure you get the type of advice you need. I recommend SEGC – Small Emerging Growth Companies. It offers great contacts and meets at 7 a.m. the third Thursday of each month at the Ridgedale Byerly's Community Room. Great networking.

Bill: All of this advice also applies to any advisers you seek out. Make sure you ask for specific advice.

Peter: You will need to sort through many meetings to determine which work for you.

3. Do you need to advertise?

Gary: I did speaking and wrote articles in this particular field I did some advertising but not a huge amount. Everything had my picture in it. I am an expert and I wanted to promote "me," unlike the big consultants. I started in 1978 and my field was not known at that time. I had the advantage of that but the disadvantage of having no role models. When I started my career, the word computer was not even a word yet.

4. How did you determine your rate when you started?

Gary: I pulled it out of the air. I had no clue. I probably underpriced myself but I was a single person and I could do that.

Peter: Using Gary as an example, you might have to start by speaking for free at high school career fairs and work your way up to being a paid speaker.

Jeanne: Research what your competitors are charging. Don't be cheap because, if you do, you won't last. There are market rates so make sure you know the markets.