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Can't find a job? Hire yourself

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For Aaron and Lynette Landis, naming the holding company for their women's apparel line Big Dream was a no-brainer.

"That's what it is to us," said Aaron Landis. "It's a huge dream that we're gambling a lot on."

It's also a bet the Landises were in some ways forced to make.

Aaron Landis, who was laid off from Sprint last fall, is taking free enterprise by the horns because, in an economy where the unemployment rate has climbed past 8 percent and continues to rise, finding another job is anything but easy.

Experts say a growing number of workers being handed pink slips are deciding that starting a business — as difficult as it is — may be more promising than trying to find another job.

"At least it's something that they can control," said Susan Henson, who teaches a FastTrac entrepreneurial training class for dislocated workers through the University of Missouri Extension Small Business and Technology Development Center.

"People are disillusioned in the financial system and are kind of thinking, 'If anybody is going to turn things around, we're going to have to do it ourselves,'" she said.

Numbers aren't available as to just how many people are registering business names, hanging out shingles and setting up Web sites because they can't find work for someone else. But anecdotal evidence suggests that more people who get laid off are at least considering starting a business.

Nationally, FastTrac — a respected entrepreneurial training program owned and promoted by Kansas City's Ewing Marion Kauffman Foundation — is expected to reach some 15,000 people this year, about 50 percent more than last year.

Henson said she's seeing increased interest at a local level, too. Her five-week FastTrac NewVenture class is being offered five times this year — two more than previous years. With today's economic conditions, the enrollment cap has been suspended so the program is available to everyone who wants to sign up.

Don't think about failing

For the Landises, Aaron losing his job was a chance to make a concerted effort at building a business selling women's western wear under the brand Unbroken Apparel.

They have used savings and a second mortgage to finance the company, which has taken over their Wellsville, Kan., home, with inventory spilling into every room. Since November, when Aaron lost his job, they've spent countless hours on the business and completed Henson's FastTrac class. Their hopes are high that one day Unbroken Apparel will give them financial security.

To be sure, that hasn't happened yet. Lynette Landis still works a day job, and Aaron Landis is searching for another job as well.

But Unbroken Apparel shirts and hats are for sale in 35 stores around the country and prospects for more sales look promising. Three major retailers, two of which sell clothing through their catalogs nationwide, are looking closely at carrying the company's merchandise.

"I don't think about failing," Aaron Landis said. "I'm a very pessimistic person — very realistic. But I don't think you can be successful in a business and have failing on your mind."

That is perhaps why some experts believe that new entrepreneurs like the Landises will provide the fuel that gets the economy moving again.

Entrepreneurs who follow an idea through to reality create wealth that gets people back to work. In fact, past recessions have produced some of the country's best-known companies.

Over half of the companies in the Dow Jones industrial average started in recessions or bear markets, said Carl Schramm, president and chief executive officer of the Kauffman Foundation, which specializes in studying and aiding entrepreneurs. Microsoft, Johnson & Johnson and Whole Foods, for example, all formed during a recession.

"In past recessions, it's been the boom of entrepreneurs that has actually resolved the recession once the bottom has actually been hit," Schramm said recently in an interview on CNBC. Put another way, he said, if you want to create jobs, you need entrepreneurs. Fully one-third of the nation's gross domestic product is created in firms that did not exist in 1980. And for the quarter century between 1980 and 2005, firms that were less than five years old accounted for all the net job growth in the United States.

During the last seven recessions, Schramm said, people who have been laid off from steady jobs have taken an idea that may have been percolating for a long time and turned it into a thriving business. There is no reason to think this recession will be any different, Schramm said.

And the potential of entrepreneurs to dig us out and put us back in a bull market is being noticed.

Just as displaced workers, severance packages in hand, are churning out business plans, public policy makers are seeing the potential that business startups hold for helping the economy, and many are giving new attention to offering help.

In February, Mayor Michael Bloomberg of New York announced 11 initiatives to promote entrepreneurship, including Kauffman's FastTrac program to help with training.

"Increasing the number of entrepreneurs will not only create new jobs, it will help create the companies that — when the good times return — will be ready to capitalize on new opportunities," Bloomberg said while welcoming the first class of participants to the city-sponsored program.

Just in the Kansas City area, half a dozen agencies provide entrepreneurial training using the FastTrac curriculum. Other entrepreneur-focused training programs are available as well.

The state of Missouri subsidizes entrepreneur training classes for displaced workers. And in Kansas, though subsidies are not available, movement is afoot to change that.

Monica Doss, director of FastTrac programs at Kauffman, said she'd like to see all governments — local, state and federal — taking an active part in helping entrepreneurs. In addition to subsidizing training programs the way many subsidize computer and other practical training, the government should look at starting loan programs to help good businesses get financing, Doss said. They should also be turning a skeptical eye toward taxes and regulations that discourage business startups, she said.

"We want to make it easy for people to get hired," she said. "Any kind of business regulations that get in the way — this is a good time to look at them and get rid of them."

Learning to fish

The question remains how many potential business startups really lay in waiting among the scores of Americans now out of work. But career advisers say the possibility of starting a business is at least on the minds of many of their clients.

"People are looking at all their options, not just staying in the job search, but also shifting careers or starting a business or buying a business," said Sarah Trembley Evans, who is in the Overland Park office of Lee Hecht Harrison, the global career transition firm. "They are looking at mixing things up a little bit. They are

looking outside of what they might have traditionally considered.”

Many of those people thinking of going into business for themselves are turning to FastTrac and other training programs as a first step.

Henson said amazing business ideas are flourishing in her classroom at the Small Business and Technology Development Center. The class is designed to help aspiring entrepreneurs refine those ideas into a presentable business plan.

Classes, which meet for 32 hours over five weeks, become a kind of support group of people who have been laid off, are underemployed or are displaced from viable employment for other reasons. Participants share ideas, help each other through difficulties and sometimes even barter services as they work to get their businesses off the ground.

Before spending a dime, people should understand whether their business idea is viable, if they’re targeting the right market and whether they have the stamina to actually run a business.

“We see it as a good outcome if people come in and realize they’re not cut out to be an entrepreneur or they just don’t have the resources or a viable idea to start a business,” Henson said. “That’s a success, too, because we don’t want people to waste their money or their time.”

At a recent class Henson was teaching, students were presenting their business plans to one another. The plans ranged widely in variety and polish. In addition to the Landises’ women’s apparel company, students presented plans for a grocery store that would focus on selling locally produced food, a communications consulting business and a handmade greeting card business.

Todd Kangas’ classmates greeted his plan to sell evangelical churches a parenting curriculum geared toward fathers with thoughtful consideration and some questions. One woman asked why he was limiting his market to fathers — why not go after mothers, too?

Kangas, who has taken a job selling mortgages while he gets his business plan together, said he appreciated the class and the questions. He knows that getting a business from concept to reality is fraught with challenges and often doesn’t happen at all. So he’s moving deliberately on this business concept, paying for it himself for now.

But if he’s taking it slow, it’s not because he’s not determined to make it work. As someone who has lost more than one job in the same year, he’s ready to have more control over his fate.

His last job, selling mortgages for Capital One, ended only a few months after he’d completed training.

“We had an all-hands meeting in October or November and they said, ‘By the way, due to the current financial situation, we’re going to close the Overland Park mortgage operations.’ I’m sitting there going, ‘I think I’d just as soon take my chances on my own,’ ” Kangas said.

“I’m taking my time (on the new business), hopefully getting things set up right so when I’m ready I won’t have as many bumps in the road.”

Carl Miller, who lost his job at Sprint in November, said he went through Henson’s class so he could have the option of starting his own supply chain consulting firm if he can’t find work for someone else.

Henson said more people are beginning to understand that starting a business is a realistic, practical option in today’s economy, even if it’s not a ticket to instant fortune.

“Not everybody wants to be like Donald Trump and Bill Gates,” she said. “If you keep that in mind, there’s a lot of room in the market for a lot of entrepreneurs.”

Entrepreneurship training was invaluable to Diane McCarthy, who took the FastTrac program after being laid off from Sprint in August.

Since then, she’s been writing and rewriting a business plan for an art and artisan craft gallery, which will also have rental studio space available to artists.

While she hopes to one day replace her former corporate salary with the business, she knows there’s a lot of work to do before that will happen.

She hopes her Olive Branch Art Gallery and Studios will be up and running by the first of May. Before that can happen, there's space to lease — probably in downtown Overland Park. There's a loan to secure. And then millions of other little details.

But like most entrepreneurs who put their hearts on the line to start a business, often at great financial risk, McCarthy said she is not regretting a minute so far.

"I won't say it's hasn't been stressful," she said. "But it's also really invigorating. It feels like I'm not stuck in a cube anymore."

Recession-proof

Many economists believe entrepreneurs will be the way out of what has become the worst recession since the Great Depression. That's how it usually works. More than half of the companies in the Dow Jones industrial average were started in bear markets or recessions. Here's a list of names you will recognize that were formed in bear markets or recessions:

3M

Adobe Systems

Amgen

Apple

Bath and Body Works

BET

Broadcom

Buffalo Wild Wings

CNN

Chevron

Dave and Buster's

Disney

Electronic Arts

Enterprise Rent-A-Car

Exxon Mobil

Gallup

Genentech

General Electric

Genzyme

Guess

Hyatt

IBM

Johnson & Johnson

Kraft

The Learning Company

Lotus Software

Merck

Microsoft

O'Reilly Auto Parts

Pizza Hut

Princeton Review

QuikTrip

Quiznos

Scotttrade

United Technologies

Urban Outfitters

Valero

Whole Foods

Starting up

According to the most recent Kauffman Index of Entrepreneurial Activity, which tracks business startups in the United States, 495,000 new businesses started each month in 2007. That year, 300 out of 100,000 adults were involved in the startup process.

Of new firms...

- 70 percent are men-owned; 30 percent are women-owned
- 81 percent are white-owned
- 9 percent are African-American-owned
- 6.6 percent are Hispanic-owned
- 4 percent are Asian-owned
- 5 percent are owned by Native Americans, Pacific Islanders and individuals of other racial groups

Source: Kauffman Firm Survey, March 2008

Where does the money come from?

Nearly 75 percent of most firms' startup capital is made up of equal parts owner equity and bank loans and/or credit card debt.

Angel investors participating in organized groups achieve an average 27 percent internal rate of return.

High-tech firms receive more outside equity investments in their first year of operations than any other kind of company — on average \$31,136, compared with firms across all industries averaging \$7,000.

Source: Kauffman Foundation

Training options

FastTrac classes teach the nuts and bolts of how to start a business. The curriculum, which is licensed by Kansas City's Ewing Marion Kauffman Foundation, is expected to reach some 15,000 entrepreneurs nationwide this year, up from the typical 10,000. Students who take FastTrac come with a business idea and develop a business and marketing plan.

IN KANSAS:

For the first time this summer, the Small Business Development Center at Johnson County Community College is offering a five-week FastTrac course geared to displaced workers. The cost is \$195 for Johnson County residents, \$240 for Kansas residents who live outside Johnson County and \$447 for non-Kansas residents.

Call 913-469-3878 or go to www.johnco.cc.ks.us/home/depts/1407 for information.

IN MISSOURI:

The University of Missouri Extension Small Business and Technology Development Center is seeing increased interest in its long-running FastTrac NewVenture program, which is geared toward displaced workers. The five-week seminar is being offered five times this year — two more than previous years. And organizers are making it available to as many participants as want to sign up. The course is free to displaced workers who are Missouri residents or worked for a Missouri company. Otherwise the cost is \$300.

The Small Business and Technology Development Center in Kansas City also provides entrepreneurship training programs at its 4747 Troost Ave. headquarters, including one-on-one counseling to entrepreneurs. The center is also the site of entrepreneurial training geared specifically to artists through an eight-week program called Artist Inc. A session begins May 4, and another will be offered in the fall.

Call 816-235-6063 for information or 816-235-6769 for Artist Inc.

ALSO OFFERING FASTTRAC PROGRAMS:

- Ewing Marion Kauffman Foundation: 816-932-1261
- First Step Fund: 816-235-6188
- Kansas Women's Business Center: 913-492-5922
- Johnson County Community College: 913-469-2323

Source: Ewing Marion Kauffman Foundation

image/jpeg | DISPLACED_BZ_030509_CGO_001F_04-07-2009_LV18P8PO.jpg | Aaron and Lynette Landis of Wellsville, Kan., took out a second mortgage and used their savings to start Unbroken Apparel. Aaron Landis was laid off from Sprint last fall and, like many others without a job, has started a business. | CHRIS OBERHOLTZ | The Kansas City | image/jpeg | APPLE-IPOD_04-07-2009_V018RB7N.jpg | image/jpeg | BusinessSilhouettes_04-07-2009_6718RCPI_1.jpg | image/jpeg | DISPLACED_BZ_030509_HANDOUT3_04-07-2009_DM18R9UH.jpg | An item from Unbroken Apparel is shown on a model. | Unbroken Apparel | image/jpeg | Mickey_Mouse_04-07-2009_9L18R9QM.jpg | image/jpeg | Pizza_Hut_04-07-2009_DM18R8VP.jpg

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