



THE ENTREPRENEURIAL ITCH

Don't Scratch Until You Read This Book

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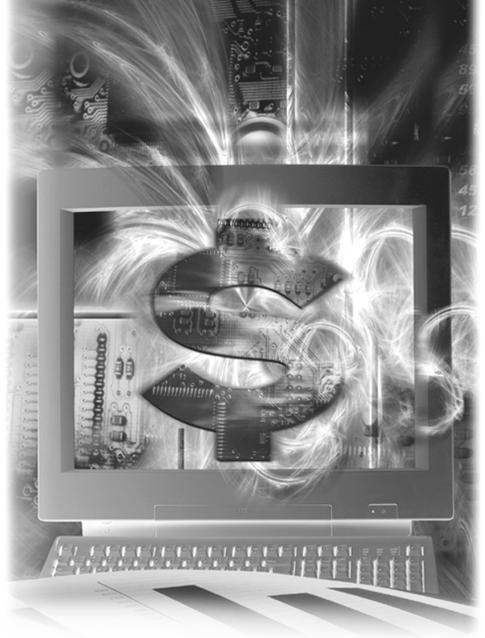
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WHY DO YOU WANT TO BE SELF-EMPLOYED?

Do you dream of saying good-bye to your boss forever? Do you wish for the flexibility of setting your own hours of work in order to enjoy more time with your kids or on your hobbies? Do you yearn to create a business of your very own? Do you imagine taking control of your life? If so, this book is for you.

There are many reasons why people might want to strike out on their own. Perhaps you simply don't like working for others. Maybe you even hate your job. Or you might love your job, but your company downsizes or your spouse moves to another city. Let's explore some of the most common reasons.

YOU HATE YOUR JOB

Two decades ago I was stuck in a job I hated, working for a boss I liked even less. Dragging myself out of bed each day was a chore. Sunday nights were torture. The thought of waking up the next morning and putting myself through another day of

drudgery, criticism, and mindless effort was enough to keep my heart racing and my eyes wide open until the wee hours of the morning. I will never go back to that kind of life.

One thing that particularly drove me nuts was the implication that to be productive, I had to be in the office, sitting at my desk. It was important for the boss to see me coming in as much before 9:00 a.m. as possible and staying until 6:00 p.m. Skipping lunch? Good for you, Dave. It seemed this was more important than what I was actually producing. How useless was that?

I remember at the time feeling cornered. I couldn't quit — I needed the money. I started looking for another job, but that took time, which meant many more months of trying to satisfy a boss who never would be happy. It was a relief when I was finally able to leave and start my own business.

YOU HATE ASPECTS OF YOUR JOB

Maybe you like your job, but you hate the commute, or you dislike some of the people you work with, or you realize how much money your employer is making from your work. These reasons may be enough to motivate you to set up your own business.

The commute

I have met more than a few people who commute an hour and a half each way to the office — and that's when there is no traffic jam! That's a full three hours a day, 15 hours a week, or about 750 hours a year that they could be enjoying with their family or in a leisure activity. In other words, they have a full-time job five days a week for which they get paid, and they have a part-time job approximately two days a week for which they receive no compensation. Obviously some people don't have a choice — they need the job and don't have any other options — but it's going to take years out of your life.

Annoying coworkers

Perhaps you don't like the people you work with. Maybe some of your coworkers would stab you in the back in a second to get ahead. Or you may be forced to work with people who don't

want to do any actual tasks, but who are great at taking credit for the finished project. You may have colleagues who are in the office before you arrive and stay longer than you every day, forcing you to work longer hours to show your commitment. Perhaps other colleagues are naturally miserable and think you should be too. Any of these irritants may encourage you to look for the exit.

Making money for others

There are many situations where people are working in a job and making a lot of money — for other people. Take a lawyer, for example. Law firms focus on one key thing: chargeable time. It's not uncommon for these firms to expect their employees and associates to put in 2,000 or more chargeable hours per year.

Let's translate that into days and weeks. Ignoring overtime for a moment, let's say Lindsay Lawyer works from 9:00 a.m. to 5:00 p.m., with an hour for lunch, five days a week. That's a 35-hour week. She takes two weeks off per year, so she puts in 50 weeks each year. That's 1,750 hours. To get to 2,000 hours, she has to put in another 250 hours of work. That's what overtime is for. She'll need to put in another seven full weeks of work to meet her target.

Lindsay makes pretty good money for her efforts: \$125,000 a year. But wait just a minute — Lindsay's billing rate is \$250 per hour. That means her firm is billing clients a total of \$500,000 (2,000 hours at \$250 per hour) for her services. Hmm. The firm bills half a million and pays her \$125,000. The firm's profit from Lindsay's work is \$375,000. Hey, I feel like starting a law firm!

But what about poor Lindsay? She faces pressure every day to keep her chargeable hours up and keep clients happy at the same time. Something's got to give.

YOU LOSE YOUR JOB

You may be good at your job, but there is a real risk you could be shown the door. Step on the wrong toes once too often and you could be led to the boardroom to meet with a stranger who will help you try and find a new job. An even bigger danger today is

that, in response to mergers and acquisitions and pressure to boost the bottom line, more and more companies are laying off masses of people without a second thought. Through no fault of your own, you could be given the boot. “Don’t take it personally — we’re just ‘right-sizing’” is a common refrain. Face it, there is no such thing as job security anymore.

YOUR LIFE CHANGES

Perhaps there has been a change in your personal life that opens the door to starting your own business. For example, you’ve just had a baby and decided to become a stay-at-home mom or dad, but you don’t want to lose all touch with the world of paid work. Or, a few years later, your little angel has just started daycare, so you finally have some free time. Or maybe your spouse has had to move to a new city where jobs in your field aren’t plentiful. This is your chance to strike out on your own. Any of these changes may be the boost you need to unleash your inner desire to venture out on your own.

MAYBE YOU’VE JUST GOT THE URGE

Maybe there are no outside forces pushing you to start your own business. You actually like your job but would love to try something on your own. You love your hobby and want to turn it into a moneymaker. Or you have great plans to build an empire you and your descendants can be proud of.

It doesn’t matter what the reason is, you’ve come to the right source — someone who had an urge just like yours, who has gone through it already.

WHY LISTEN TO ME?

Why should you listen to me? Well, first of all, I am 48 years old and have been self-employed for nearly two decades. I am not some hotshot kid, fresh from school, with ideas about what being self-employed is like. I have lived it.

I have struggled through growing my own business from scratch. I did not buy a business from someone else.

My business happens to be a service business. It started out as an accounting practice and has expanded into a financial services business. The advantage to this type of work is that I get to see hundreds of other businesses come and go — as clients. Some of them have been successful, and others are no longer in existence. This experience has allowed me to learn in two ways:

- The hard way — by making my own mistakes
- The easy way — by learning from other people's mistakes

THE SELF-EMPLOYMENT ALTERNATIVE

I am not going to say that being your own boss is perfect — it most definitely is not — but there are more than a few reasons why I love it:

- *Flexibility and variety.* You are in control — you can decide what type of business you want to get into, how many hours you'll work, and when you'll put in those hours. The time before you start your business is a key point in your life because you have the power to decide what you would like to spend the rest of your working days doing. It doesn't necessarily have to be what you are doing now. There are many success stories involving people who started businesses totally unrelated to the work they had been doing to that point: an engineer who started a lawn-and-garden maintenance business, for example, or an executive who opened a hair-salon franchise, a lawyer who set up a daycare business, or an insurance agent who established a bed-and-breakfast.

Even if you like what you currently do for a living, being self-employed in the same field can free you from the shackles of reporting to a boss. There is no one telling you that you will write a report on subject A and that the conclusion should be X. That's probably what I like best — the variety of work and the fact that I can come to my own unbiased conclusions.

You are also free to change the focus of your business along the way. For example, I started off in my business as

an accountant, but I do much less accounting work than I used to because I find writing and speaking on small business and other financial matters more rewarding.

- *Work less, make more.* Okay, I admit I like this as much as the flexibility. Let's look at Lindsay Lawyer's case as an example. If she were self-employed and billed less than the \$250 per hour she does now, say \$195 per hour, she'd only have to work 641 hours to bill what she is earning now — \$125,000.

Of course, if she were self-employed, she'd have costs associated with running her own practice. She'd need a computer, software, office supplies, and an office, among other things. Let's say she works out of her home and keeps her first-year costs to \$30,000. She'd need to bill clients \$155,000 to be left with \$125,000 profit. How many hours would she have to bill at her hourly rate of \$195? Only 795. So she'd be able to work 1,205 hours less than the 2,000 she is now doing to earn her current salary. That's an amazing 60 percent reduction in the hours she'd need to put in.

That's oversimplifying things a bit — she'd need to find clients first, for one thing — but I think you get the idea. (By the way, we'll look at how to attract clients in Chapter 4.)

- *Time off.* When you are self-employed, you have a large degree of control over when you work. If you are a consultant and do your best work late at night, you can take the mornings off. If your five-year-old is performing in a play on Friday afternoon, you can take the time off and finish your work on the weekend.

This is especially important for me. My wife and I have a nine-year-old daughter, Cassidy, and a 13-year-old son, Kyle. It's important for me to spend time with my kids before they are too old to want their old man around.

I have many special memories of seeing my kids grow up. When Kyle was in second grade, he went with his

class on his first ski trip, and I was able to accompany them. Kyle was just learning to ski and had problems negotiating a T-bar (who didn't at first?). I'll never forget the sight of his gym teacher, Mr. Thompson, running up the hill by his side to make sure he got to the top safely. How do you put a price tag on that memory? You can't. Sometimes the benefits of self-employment can't be measured.

DO YOU HAVE THE ENTREPRENEURIAL ITCH?

I define the entrepreneurial itch as that basic urge to start your own business and be your own boss. Most people have the "itch" to some degree. Those who feel it the most are probably thinking seriously about venturing out on their own already. The fact that you have purchased this book puts you in this category.

The person with an average itch may have thought of the possibility of operating his or her own business, but for various reasons (i.e., financial pressures, fear of failure, etc.) will probably never pursue it. Those with a low-level itch do not spend much time thinking about being an entrepreneur.

If you have a strong itch, do yourself a favor: start spending time on it. The sad truth is that many people never get around to scratching their itch ... until it's too late.

HOW THIS BOOK WILL HELP SCRATCH YOUR ITCH

This is not a how-to guide. It won't detail the regulatory and tax rules for starting and running a business. There are already many books available that fill this need. (Self-Counsel Press offers two of them: *Starting a Successful Business in America*, by Dale Davis and *Starting a Successful Business in Canada*, by Jack D. James.)

This is also not a book full of theory, written by someone who has studied self-employment but has never actually been self-employed. As far as I'm concerned, those theories are for textbooks, and a lot of them are wrong. What sounds good on paper often doesn't work in real life.

Instead, this book tells a story about what starting and running a small business is really like, warts and all.

I hope that by the end of this book you will be inspired to venture out on your own, armed with the knowledge you'll need to make your business a success. I want to do all that I can to protect the entrepreneurial flame that is burning in your heart right now.

I want you to protect that flame so it doesn't get blown out by bosses and other negative people who don't see your vision or your value. In short, I want to help you succeed on your own terms and in the long run. I want to get you out of where you are now and into a lifestyle that is flexible and rewarding, much like your dream at this very moment.