

SelfEmployed

Published by the National Association for the Self-Employed

NASE.org

July/August 2010

Poised For Growth

NASE Members
Take Their Businesses
To The Next Level



Poised For Growth

NASE Members Take Their Businesses To The Next Level

By Jan Norman

For the past two years, many micro-business owners stayed in survival mode as the economy swooned in a recession.

Now with the economy improving, firms see increases in revenues and customer interest. And many NASE Members are allowing themselves to plan for something they haven't emphasized in a long time: growth.

The idea of taking a business to the next level seems possible again.

However, before charging ahead, NASE Members need to evaluate exactly what that means and how to make the climb to the next level a reality. The move is exhilarating but needs to be executed carefully and purposefully, experts caution.

Here's what you need to know to avoid stumbling as you step up to your next level.

Stabilize Your Business

"Maximize where you are now before moving to the next level. That means maximize your profitability and carefully control your expenses," advises Linda Pinson, owner of Out of Your Mind...And Into the Marketplace, a Tustin, Calif., publisher of business planning books and software.

The micro-business owner who's eager to expand should first carefully analyze the firm's financial records and customer base, Pinson says.

Ask yourself these questions:

- Can any expense be eliminated?
- Can operations be streamlined or made more efficient?
- Are you doing all you can for existing customers before searching for new customers or markets?
- Do you have any products or services that are not selling and if so, should they be dropped? Or should your focus be on getting the most profit from them before adding new products or services?

"Focus is so important in today's business world," she says.

Once your business is on stable ground, you can more confidently step up to the next level, whatever you determine that to be.

See The Big Picture

NASE Members Blake and Robin Lamothe have been slowly but surely moving their business forward since 1987. They own Steaming Tender Restaurant in Palmer, Mass. But their venture is much more than an eating establishment, although the restaurant is at the core of a bigger vision the Lamothes share.



NASE Members Blake and Robin Lamothe: "We are trying to put the town back on track, to get a flow of people moving into this area again."

To railroad enthusiasts, Palmer is the "town of seven railroads" and draws visitors from throughout New England. Blake Lamothe was in his 20s when he stumbled across a 19th century train station in Palmer. It was designed by renowned architect Henry Hobson Richardson.

The Lamothes bought the station and spent 17 years restoring it to its original Romanesque beauty before opening the restaurant in 2004. Blake Lamothe is a general contractor and did most of the work himself. The couple also found an old locomotive that they brought in piece by piece via crane and placed on the tracks adjacent to the station. Their hauling and recycling business has helped pay the bills during the long restoration process.

"We have established ourselves since 2004 as a destination restaurant," Robin Lamothe says. "People drive in from New York."

For the Lamothes, the ultimate goal is to be part of the economic restoration of the town of 13,000 people and the broader community of 350,000. The Lamothes also have a model railroad shop and antique shop near the restaurant.

"We are trying to put the town back on track, to get a flow of people moving into this area again," Blake Lamothe explains.

The next step is completing a bed-and-breakfast in town. They also purchased a park in front of the restaurant and plan to develop it.

"The park will beautify the area," Blake Lamothe says. "It will enhance the attraction of the area and add revenue and parking."

He hopes beautification of the park will bring in weddings, antique and railroad shows, and other events.

It's important to have the big, ultimate vision in mind, say the Lamothes. Then the next level is apparent as a micro-business owner moves toward that vision.

For them, the restaurant was one plateau. When it was established and stable, they moved to more shops, a bed-and-breakfast and a park.

Next they're working with the town and nearby Amherst College to return passenger train service, not available to the area since 1971. That service would bring in more customers to shop and eat.

Plan Carefully

Book and software publisher Pinson says that achieving ambitious goals should involve careful planning at each stage.

"You have to pass all the financial and management tests in order to say that you are in a position to go to the next level," she says.

Making that next step involves more than money, adds Dan Lubeck, founder of the private equity firm Solis Capital Partners in Newport Beach, Calif.

"At the first level, a business owner has a vision, is strong willed, passionate, control oriented and persuasive. He builds the business as big as he can control, which can vary according to the skills of individual entrepreneurs. So to go to the next level he needs to bring in others, so he's not having to touch everything himself, and maybe accept some debt," Lubeck explains. "That's where many entrepreneurs sell it or turn it over to someone else and go start another business."

Many micro-business owners don't have as big a vision as the Lamothes. They have a next level in mind that is more quickly achieved and still allows them to maintain the control with which they're most comfortable.

NASE Member Naté Smith-Pope has owned two businesses in Forestville, Md., for 19 years. Naté's

NASE Member Naté Smith-Pope: "I'll be able to step down from the details . . . and be more of a CEO."



Flowers is a flower shop. Selmat Design is her event planning service that specializes in weddings.

Smith-Pope is already busy stepping up to the next level, which is to use Selmat Design as an umbrella company for teams of specialists that will collaborate on projects. Such an organization can handle more events and bid on larger contracts.

"For me, the next level is exhilarating. I'll be able to step down from the details and event planning and be more of a CEO," she says.

She's currently interviewing floral designers and event planners. Some will be employees. Others will be freelancers who prefer to run their own businesses but who come together for specific events. To make this next step requires research and planning, she says.

"On whichever venture you plan, research before you begin," she advises. "You have to have your marketing and business plans together before you start a business. If you don't have a good business plan, financial adviser and marketing, it will be difficult to keep it on the right path so that you can get to the next level."

It sounds like a contradiction, but many micro-business owners need to narrow the focus of their ventures if they want to reach the next level, says marketing consultant Don McCrea, president of Bus-Ed Partners Inc. in Irvine, Calif.

Most new business owners think that everyone can use their products or services. That may be true, but even Microsoft founder Bill Gates doesn't have enough money to market to and satisfy everyone.

You can actually achieve more by targeting a niche and customers with specific traits, McCrea says. He suggests four questions to ask to define your customer focus:

1. Who can you actually reach with your products or services? Even with the Internet, global phones, e-mail services and worldwide shipping, certain geographic and demographic markets are more cost effective for your business than others.
2. Of those you can reach, who has enough pain to be willing to act? People tend to procrastinate until the problem is bigger than they can tolerate.

The NASE Consultants Can Help

Need help moving your micro-business to the next level? Turn to the NASE consultants. Visit NASE.org and click "Knowledge Center" for unlimited access to these consultants—at no additional cost.

■ ShopTalk 800

Advice about marketing, hiring and more expansion issues.

■ ABCs of Finance

Help with accounting, budgeting and other financial matters.

■ TaxTalk

Assistance for tax planning, estimating tax liabilities and other tax concerns.



3. Who already understands the value and benefits of what you are offering and knows why they should choose you over alternative solutions? These are prospects you don't have to spend time and money educating.

4. And of those who fit the first three categories, which customers have the money to buy right now?

Targeting that market results in "shorter sales cycles, higher percentage of prospects converted to customers and more productive use of your marketing and sales dollars," McCrea says.

And that makes stepping up to the next level much easier.

Define Your Success

Money isn't the only measure of the next level, says NASE Member Lilia Clempson, owner of IntelliGenius Educational Consulting, a high school tutoring service in Bethesda, Md.

Clempson immigrated to the U. S. from Russia in 1998 to get an MBA in finance and international business at Georgetown University. Initially she expected to find a job and work for a corporation. But her graduation coincided with the 2001 recession. No one was hiring, so she started her own business.

Now, job hunters seek out Clempson and her firm for employment. IntelliGenius has grown 40 percent a year for the past six years.

"Women approach business differently than men," Clempson says. "Men want to grab some idea, grow as fast as possible, sell it and go on to the next idea. Women want to grow organically and to fit their business with their lives."

NASE Member Lilia Clempson: "For me, the next level is about me being able to find a niche to help other people and create a schedule that suits me."

Plenty of men who own micro-businesses also want that work-life balance, but Clempson's point is that bigger profits aren't the only definition of stepping up to the next level.

"For me, the next level is about me being able to find a niche to help other people and create a schedule that suits me," Clempson says.

"I'm educating one person at a time. That's what my business is about. I make a six-figure salary, but it's not just about money." ■

Writer **Jan Norman** has found that seeking the next level is a sign of hope in business owners. Visit her blog at <http://ocregister.com/jan>.

