

THE *Ideal* ENTREPRENEURIAL BUSINESS FOR YOU

**DESCRIBES 55 OF THE HOTTEST
NEW ENTREPRENEURIAL OPPORTUNITIES**

**ANALYZES OVER 200 SMALL BUSINESSES,
INCLUDING PROFIT POTENTIAL,
LOCATION, AND COMPETITION**

**PROVIDES RESULTS OF A NATIONWIDE
SURVEY OF SMALL BUSINESS
MARKET CONDITIONS**

GLENN DESMOND AND MONICA FAULKNER

THE *Ideal* ENTREPRENEURIAL BUSINESS FOR YOU

Glenn Desmond
Monica Faulkner



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To Martha

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CHAPTER 1

Introduction

Maybe you're among the hundreds of thousands of Americans whose traditional employment has disappeared. If so, your chances of finding another job in your old field may be limited. Or maybe you're a recent graduate and are starting to realize that the huge corporations that used to offer 30 years of job security seem to be going the way of the dinosaurs—leaving you wondering where to look to create a financial future. Or maybe you have a job but already see the handwriting on the wall and are thinking ahead to the day when you may be “technologized” out of a paycheck. Or maybe your job still has a good future, but you find yourself wondering what it would be like to work for yourself.

I thought about that a lot when I was younger. Twenty-eight years ago, I did something about it.

Now I'm at what is generally considered normal retirement age, and I could remove to my summer home on Lake Maguntacook in Maine (well, for six months of the year) and do little or nothing. However, I really don't want to retire. There's too much fun to be had. Too much to prove.

I thought about corporate layoffs and downsizing that are forcing people into early retirement and about the financial squeeze of unemployment, the decline of our defense-supported economy, and the many other forces that are shaping the ways we do business (and make money).

Who wants to retire when there are so many new opportunities to have fun making money? What I have to say about retirement goes for the unemployed or the person who is employed doing something he or she does not like but sees no way out. In this book, I'm going to show you the way out.

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Let me tell you a little story about myself. Just 28 years ago last April, I quit a very secure, well-paying position as manager of my employer's largest and most profitable division, headquartered in Chicago, because I was not satisfied and longed to be independent.

I had previously contacted a potential client in New England (a government agency) to see if there was an opportunity for me to do sub-contract work. I had been assured that there was plenty of work and that it would be available by April (just about four months away). I informed my employer of my decision to leave, giving about two months' notice. A new manager was selected to fill my position. I was at a point of no return.

However, within a few days of my scheduled departure, I was informed that funding for the project for which I had been assured sub-contract work had been canceled. I had made no other contacts for work. I had very limited liquid resources, no job, and suddenly no client, in a depressed economy, in an area of the country where I was known only to a few government agencies that now had no money.

The one important asset I had was several years of experience as a real estate and business appraiser. I knew that experience and related education would assist me greatly down the line. But starting out on my own, in an area where I wasn't known and had to generate cash income quickly appeared not only difficult but perhaps impossible. Despite these circumstances, I decided to go. I was determined not to allow fear of the unknown to hold me back.

On a Monday morning in April, I was sitting in my car in a service station getting gasoline. I literally did not know where I was going to go to get started with my new nonexistent business. What I did know was that I would be in the business of doing business and real estate appraisals; that was what I enjoyed doing, and I wanted to do it in my own shop. I decided I'd let my intuition and common sense take over. I realized that the first step in my marketing plan should be to survey the kinds of people who might need my service.

And that is how I started. My intuition paid off immediately. In that single day I made three calls on appraisal users. I did not know the people I contacted, nor did they know me. By the first evening I had a car with out-of-state license plates, the YMCA as my home address, a month-to-month lease on a 100-square-foot office above an old grocery store, and enough verbal contracts for appraisal work for myself, a part-time research assistant, and a half-time clerical assistant.

Within three years I had a national company of about 70 professional and support employees with a New England headquarters. In addition

I had acquired a controlling interest in another established appraisal company with offices in Cincinnati, Minneapolis, Denver, and New York.

Why I Wrote This Book

What qualifies me to write *The Ideal Entrepreneurial Business for You*? The small-business start-up experience I've just recited? Or the fact that, along with successes, I've probably made lots of stupid mistakes, too? All of this probably helps.

But I think my most important qualification is the profession I've been in—the profession of valuing businesses, both very large ones and very small ones. I've found out what makes business value and what makes failure; what kinds of smaller start-up, or established, businesses have the best chance of success today; what are the riskiest and the least risky; what you should go after; what you should avoid; what businesses have the best chance of becoming multimillion-dollar operations in a relatively short time; and which ones have the most potential for failure in an even shorter time. Whether you want to start your own business, buy an existing business, or sell your own business and move on to something else, this book can help you.

I've lectured throughout the United States. I've written several other books. But all of this has been aimed at educating professionals—business appraisers, accountants, attorneys, financial consultants, and government agencies such as the IRS, the Department of Justice, state highway departments, and others. Now I think it's time to translate my unique knowledge into something useful to individuals who really need the information to use in making their own decisions.

People often ask me, "What's the best business to be in?" I usually answer, "One that balances your abilities and interests with your need to make a certain level of income—one that's right for this time, and one that makes *you* happy." By the time you finish reading this book, you'll be well on your way to answering that question for yourself.

As you read *The Ideal Entrepreneurial Business for You*, keep the following in mind:

- Have patience.
- Be focused on an objective that is well thought out and realistic. At the same time, do not allow this objective to prevent you from being flexible and seeing opportunities.

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- Control your fear. Stick around just to see what happens; you're probably on the edge of something big and don't even know it.
- Have enough self-esteem to be able to sell yourself and your business or profession, whether you're buying, selling, or creating a new enterprise.
- Have a generally positive outlook. This is crucial no matter what your goals and purposes are.
- Don't let yourself be held back by a limited education. It's not what school you attended or what degrees you have that make success.
- Realize that the greatest source of ideas is within you; it's not "out there somewhere."
- Have the ability to listen to your own intuition and to others. Keep your mouth shut and your eyes and ears open.

Success in business, like all things in life, is an integral part of you, of how you think. This book is dedicated to giving you information of a kind that is not found anywhere outside you but that you must have if you're going to be able to effectively answer the questions, "What's the best entrepreneurial small business for me, and what types of businesses should I avoid and why?"

No matter who you are, if you've ever thought about going into business for yourself, you've probably also worried about risking the family farm. That's a valid concern—but the message of this book is that the world is so full of exciting entrepreneurial opportunities that there's no better time to make the move into self-employment—if you do it right!

What you need is a new way of looking at what's going on all around us. That's what you'll get from this book.

- It will open your eyes to the new world of entrepreneurial opportunities that will carry you well into the twenty-first century.
- It will alert you to the lowest-risk, highest-return, greatest-growth business opportunities in today's economy—many of which are being overlooked.
- It will offer a guide to your best and worst risks if you want to buy an existing business.
- It will give you state-by-state information about the small-business climate gathered from a unique national survey.

Think about what is said here. Read this book carefully, and take notes as you go along. Then, if you decide to take the plunge, I wish you the best!

GLENN DESMOND

CHAPTER 2

There's No Open Prairie Left

Have you ever dreamed of being an entrepreneur? Does the traditional American Dream of being your own boss lure you? But has the precarious economic climate of the past few years scared you off because you don't want to jeopardize your financial security and your family's future? Maybe you've seen the statistics on small-business failure rates and have decided that working for yourself seems too risky. It's time to think again, because all you need is to go about it the right way.

This book will show you that there is a whole new world of unprecedented moneymaking opportunities as we approach the twenty-first century. And if you know where to look and what to look for, you can position yourself today to make your dream of financial and business success come true tomorrow—without risking everything you've worked so hard to get up till now.

Whether you're an aerospace engineer, welder, middle manager, or chief executive—no matter who you are, you may have already experienced the pain of losing the job you trained for and devoted your life to. What's worse, you may be realizing that your old job has disappeared, perhaps forever. You may be facing an uncertain future.

And suppose you're fortunate enough to be still working. Can you honestly say you've never lost a moment's sleep worrying about what would happen to you and your family if you lost your job? Or if both you and your spouse lost your jobs?

Even the most positive of us is bound to have such thoughts on occasion, if only fleetingly—especially when we look around us and see friends and neighbors out of work. Even born optimists would hardly

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be so foolish as to bury their heads in the sand in such risky economic times.

I believe that there will never be a better time to start exploring new opportunities in self-employment. Why? Because the very forces that are buffeting our society and making it so complex are also opening up a whole new world of entrepreneurial business opportunities—if you know what to look for and where to look! Also, being aware of the forces that are creating new business opportunities will help you identify businesses that may be riskier.

In the next chapter, I'll be discussing 13 of the most important Forces of Change affecting American society today. And their impact will continue well into the twenty-first century. After you've taken a careful look at this list, you'll understand that when I talk about going into business for yourself, I'm not talking about what your parents meant 30 or 40 years ago, or even just 15 years ago.

I'm not talking about the mom-and-pop convenience stores, or the necktie shop, or the laundromat, or the pizza kitchen. I'm not even talking about the newer wrinkles in small business like balloon delivery services and aerobics studios. These kinds of self-employment businesses can all be the right choices at the right time for some people. But from my standpoint, as someone who has seen thousands of small businesses succeed and fail over the years, they also have problems that make them high-risk choices in today's rapidly changing world.

For example, traditional home-based small businesses such as handicrafts, and faddish ventures such as balloon delivery services, may be easy to get into because they require very little start-up investment. But they also offer little in the way of long-term growth possibilities, so it's probably safest to think of them as limited activities at best. Oh, they can bring in a little extra income to your household, but don't expect much more.

What you really need to do is grab onto the coattails of the Forces of Change—not cling to the ways of the past. There are hundreds of new opportunities out there that can offer you a low-risk combination of minimal start-up investment, rapid positive cash flow, and long-term value—in short, the ideal entrepreneurial business for you. And this book will help you because it's a road map to this new world of businesses that make sense—the ones that will let you take control of your own life and create your own financial security.

Where Have All the Gunslingers Gone?

The small-business environment is dramatically different today from what it was in even the very recent past. It's no longer the place for gunslingers who succeed just because they're lucky or are the only shop in town. There's no open prairie left. The field is crowded with aggressive competition, and ways of doing business are changing faster than the gunslinger's speeding bullet.

But what do we usually think about when we use the terms "small business" or "self-employment" enterprise? The Small Business Administration classifies firms with fewer than five hundred employees as "small." A recent federal report on the state of small business estimated that there were about 22 million "small" businesses in the United States as of 1994. However, most small businesses actually have fewer than three employees, while more than half have no employees other than the owner—and many owners work only part-time at their business.¹

We all tend to think of "business" as a structured form, such as an independent store or office, a franchise, or some other kind of enterprise. We think in terms of set hours of operation, of management and employees, of investment and cash flow, of location, and of a specific product or service. It's time to rethink this definition. In this new era, business can be much less structured and more free-form, and entrepreneurial small businesses are a matter of you coming up with an idea or concept and testing the waters in a given geographic area by making contacts with potential customers. Instead of being carved in stone at the outset, your service actually begins to take form in the early start-up period and changes as you begin selling it, bringing you a rapid positive cash flow with a minimal initial investment and minimal risk.

The Secret? Service!

The Forces of Change are transforming the ways we do business and will have a major influence on which ventures succeed and which go down in flames. *Traditional small businesses no longer offer the best opportunities for new entrants to self-employment and small business.*

This means that if you're thinking about going into business for yourself, you should be looking at the new opportunities being created because of the Forces of Change. This book will not only tell you about the best business opportunities available but will spark your own creativity and imagination so you can come up with your own "better mouse-trap" that will have the world beating a path to your door!

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But before I tell you more about this, I should mention that business brokers in our state-by-state survey (see chapter 8) report that most of their new small-business entrepreneurs have been looking for manufacturing or distribution operations.

In general, these potential investor-operators are seeking businesses that are seeing a positive cash flow and can be purchased for \$500,000 or less. They're also hoping to make a cash down payment of no more than 25 percent with the owner taking back paper on the rest, or possibly getting SBA-guaranteed loan financing. The buyers also hope to obtain financing through banks, equipment manufacturers, or equipment leasing companies for the fixed assets involved in the purchase.

Good luck! Everybody wants the same thing. The owners of these businesses are besieged with suitors, and they're not about to give away their stores. The fact is, the demand far outstrips the supply, and the few that are available can command high prices.

Our surveys show that retail and food-service operations are among the least sought-after. There is an ample supply of these, but the majority offered are at best mediocre moneymakers and are more probably losers. These businesses face extensive competition, not only from other established small businesses but also from the growing numbers of discounters, superstores, and major chain operators, which are active in this as well as in almost every other field of retail endeavor.

If you have no choice other than food service or retail, your best option may be to join a franchise operation. But keep in mind that the investment required can be substantial (\$100,000 to \$200,000 is typical), profits are very often marginal, and it can be a long time before you see a return on your investment. Another factor to keep in mind is that running a successful franchise retail or restaurant business requires constant hands-on involvement that most people aren't used to, aren't trained for, and don't like. This book is for people who either don't have the hefty initial investment required to buy a franchise or who just don't want the risk.

The best new opportunities are primarily in the service area—not in products. These promising, potentially profitable, and interesting areas of small business make up my Ideal Entrepreneurial Businesses Master List, which is discussed in detail in chapter 5. Many of these types of businesses, which are being created due to the Forces of Change, can be carried out from your own home as a one-person operation.

Make no mistake about it—this type of entrepreneurship can be full-time and even more. But think of the flexibility. If you're working out of your home, you can go to work in your bathrobe or your sweats, or