

DISCOVERING

YOUR

NEW LIFE

AND

CAREER

BEYOND

THE

CORPORATION

ON

YOUR

OWN

C. D. PETERSON



ON YOUR OWN

Discovering Your New Life and Career Beyond the Corporation

C. D. Peterson



John Wiley & Sons, Inc.

New York • Chichester • Weinheim • Brisbane
Singapore • Toronto

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Library of Congress Cataloging-in-Publication Data

Peterson, C. D. (Carl D.)

On your own: discovering your new life and career beyond the corporation / by C. D. Peterson.

p. cm.

Includes bibliographical references.

ISBN 0-471-14845-8 (paper: alk. paper)

1. New business enterprises—Management. 2. Small business—Management. 3. Self-employed. I. Title.

HD62.5.P465 1997

658'.041-DC20

96-35572

CIP

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

To Odessa, Wendy, Stephanie, and Chris

Preface

"I wasn't let go in the latest cutbacks. I should be very thankful—jobs are hard to get. It's just that I ended up with all the work from the people who left my department. Now I'm worried that if I can't keep up, they'll fire me. Regardless of what they say, I think more cutbacks are coming. I really need this job."

That paragraph opens this book. It captures some of the anxieties people are feeling in a workplace where *reengineering* discredits experience, where *Continuous Quality Improvement* negates predictability, and where *constant change* creates constant threat to those enduring the changes.

People who have long been retired might wonder what the fuss is about. "When was it written that work should be fun?" they might ask. "Work is work." Of course they are right, but they worked under an old rule that was often unspoken but seldom broken. It was a rule that valued experience, provided predictability, and blunted the force of change. The rule simply stated:

Do a good job and you'll keep a good job.

It didn't always work, but even when textile jobs moved south, people could follow. When small farming ceased to be viable, manufacturing jobs were being added at a prodigious rate. Jobs changed gradually; they did not just vanish overnight, as have thousands of jobs in banking.

Today's anxieties spring from the historical reality that many people started working under that old rule. Many of us still retain some of the deep-rooted belief in mutual loyalty. This book tries to recognize that fact and offers several specific paths to a life and career beyond the corporation—a life of self-reliance.

One path leads back to your present job and company, exploring what you might change in your present situation to create viability. Another leads to examining other jobs and other companies. We will also explore some seemingly off-beat options such as bartering and seminar leadership.

Another path, however, constitutes the bulk of this book. This path leads to the four routes to business ownership: buying a business, buying a franchise, starting a business, and forming a consulting practice.

Whether you choose employment or ownership, you must find your way to becoming your own "economic enterprise." As your own economic enterprise you will invest in yourself through training and education, and you will need to promote yourself so that people will know who you are, where you are, and how good you are.

For at least ten years, with increasing shrillness, writers and commentators have been chronicling the millions of layoffs and the personal and social upheaval that result. They offer a menu of causes—foreign competition, corporate greed, intellectual sloth—and several political, social, and economic theories about what can be done. *On Your Own* offers a basic, practical, and personal approach. The strategy is to create options; the goal is self-reliance.

C. D. Peterson

Acknowledgments

A writer may believe passionately in an idea for a book, but publishers decide what books are published and how they are marketed. My idea was simple: to write a book that would really help people who find themselves—by choice or fate—on their own. I intended no fanciful tales about corporate dreamers who drop out and whittle artworks in Vermont, and no adoring anecdotes about some billionaire's "secrets"—told to anyone who will listen—of entrepreneurship. The book was to be a well-structured, straightforward work, full of tested advice and practical ideas, accompanied by useful worksheets and references. It was to be a book for people dealing seriously with the reality of being on their own.

The publisher that gave me the opportunity to do the book my way, without the pandering promise of simplicity and a wagonload of vacuous anecdotes that can seduce buyers, was John Wiley & Sons, Inc. The editor who secured that opportunity is Michael Hamilton, who edited an earlier book for me, *An Introduction to Business Brokerage*. Mike believed that a professionally oriented book, based on real experiences with business buyers, sellers, and those in transition, would appeal to readers. Let's hope Mike is right!

I received help from Attorney Fred Baker of Baker, Moots, and Pelligrini, who practices in Danbury, Connecticut. He provided up-to-date advice on legal topics.

Mr. John Durkin, of Financial Underwriters in Danbury, gave me a lot of help with the personal finance material.

Given my full-time job, this book was written in the very late hours of the evening and on those weekends when I was not working. My wife, Odessa, provided ungrudging tolerance and absolute support, and she kept the task of writing fun for me.

C. D. Peterson

Contents

Preface xi

Acknowledgments xiii

PART I Reality Check 1

- | | |
|---|----------|
| 1. The New Realities of Corporate Employment | 3 |
| What Happened to Loyalty and Job Security? | 4 |
| The Picture Today | 5 |
| And Now for the Good News . . . | 11 |

PART II Look Before You Leap 13

- | | |
|--|-----------|
| 2. Reinvent Yourself as Your Own Personal Enterprise | 15 |
| The Dynamics of Demand | 16 |
| Tomorrow's Knowledge and Skills | 20 |
| Personal Assessment | 21 |
| Find Your Life Values: Do What You Love | 26 |
| Setting a Goal | 29 |
| Building a Career/Life Plan to Establish Your Earning Power | 29 |
| 3. Self-Invest to Build Personal Value | 30 |
| Building Personal Value | 30 |
| Hard Skills | 32 |
| Soft Skills | 35 |
| Acquiring Knowledge and Skills | 37 |
| Getting Help with Your Development Plan | 40 |
| It's All Up to You | 41 |
| 4. Now That You're Sharp, Get Recognized . . .
 and Make Opportunities Come to You | 42 |
| Basic Techniques of Job Searching | 43 |
| Promoting Your Personal Enterprise | 47 |
| Summary | 65 |

- | | |
|---|---------------|
| 5. Consider Your Conventional Employment Options | 66 |
| Examine "Inplacement"—Reemployment within Your Present Company 66 | |
| Become Familiar with the World of "Outplacement"—Employment Options Outside Your Present Company 69 | |
|
6. Consider Some (Slightly Off-Beat) Alternative Opportunities |
72 |
| Remember the Armed Services 72 | |
| Understand Bartering 73 | |
| Consider Care Giving 73 | |
| Be a Courier or Chauffeur 74 | |
| Downscale 74 | |
| Try Flextime 74 | |
| Serve in Government or Charities 74 | |
| Work in Government 75 | |
| Work at Home 75 | |
| Work on Contract 76 | |
| Moonlight 78 | |
| Work Part Time 78 | |
| Don't Shun Personal Service 78 | |
| Contemplate Religious Service 79 | |
| Retire! 79 | |
| Seek Seasonal Employment 79 | |
| Become a Seminar Leader 80 | |
| Explore Teaching 80 | |
| Try Temporary Work 80 | |
| Volunteer 81 | |

PART III

Four Routes to Ownership: Buying a Business, Owning a Franchise, Starting a Business, Becoming a Consultant 83

- | | |
|--|---------------|
| 7. Understanding the Background | 85 |
| Changes in Corporate America 85 | |
| Encouragement for Entrepreneurship 87 | |
|
8. Preparing While You Are Still Employed |
91 |
| Maximize Your Severance Benefits 91 | |
| Select Advisors 94 | |

Getting Ready	95	
Special Preparation: Learn about Personal Selling	101	
Other Personal Preparation	104	
9. Deciding What You Want		109
The Myth of the Entrepreneurial Type	110	
Forget Checklists and Lists of Entrepreneurial Traits	111	
The Three Real Questions to Ask	112	
"Can I Run It?"	112	
"Will I Like It?"	115	
"Should I Do It?"	127	
But How Can I Know What the Business Is Really Like?	127	
10. Determining What You Can Afford		138
How Much Money You Have or Can Borrow	138	
How to Persuade Lenders or Investors	142	
The Application Presentation	144	
11. Finding the Business		148
Managing the Search	148	
The Active Search Program	154	
Targeted Direct Marketing	154	
Advertising	166	
A Disadvantage of the Active Search	168	
Follow-up and Evaluation	169	
Summary	169	
12. Analyzing the Business		171
Managing Your Advisors	171	
Evaluating the Business	173	
Help Available	176	
A Recap	182	
13. Pricing the Business		187
Valuing and Pricing Businesses	187	
Valuation	187	
Establishing Value	191	
The Three Components of Value	192	
Pricing the Business	201	
What the Buyer (You) Can Afford	211	
Summary	214	
Case Study: The Hillcrest Corporation	215	

14. Negotiating, Closing, and Getting Started	227
Negotiating	227
The Offer	232
Closing	236
The First Month of Ownership	239
15. Franchises: An Introduction To Turnkey Entrepreneurship	243
What Is a Franchise?	244
The Franchise Agreement	244
The Pluses of a Franchise	245
The Minuses of a Franchise	246
If the Franchise Is a Resale	246
If the Franchise Is a New Location	247
A Franchise Case Study	250
16. Starting a Business	254
The Classic Start-up Process	255
The Elementary Start-up Process	262
The Most Important Element in Starting a Business	264
Summary	264
17. Forming a Consulting Practice	270
Understanding Consulting	270
Positioning Your Consulting Services	275
Marketing and Selling Your Services	278
Building Your Practice	288
Afterword: Consulting One-Liners	292
INDEX	301

PART I

Reality Check

"I wasn't let go in the latest cutbacks. I should be very thankful—jobs are hard to get. It's just that I ended up with all the work from the people who left my department. Now I'm worried that if I can't keep up, they'll fire me. Regardless of what they say, I think more cutbacks are coming. I really need this job."

Talk to enough working people today and you will certainly hear similar words. These are good people, the survivors. They were judged valuable in courts of harsh economic necessity. Unfortunately, much like the firms they work for, the accumulated equity of a person's past performance—in some cases a life's work—has been seriously devalued. Consider how companies' activities today affect those who work for them.

Reengineering erases former understandings of the rules of work and, with them, people's personal reputations for performance.

What management says: "Reengineering means we have to forget about the way things used to be done. The old ways are out. We need new ways to do the work."

What people hear: "All my years of hard work don't mean a thing. It's 'what have you done for me lately' from now on."

Continuous Quality Improvement, by definition, promises only that change is constant and that the prospect of meeting the basic human need for predictability is gone.

(Continued)

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What management says: "We can't rest on our successes. Improving quality must go on indefinitely, continuously. Quality is a pursuit that will never end."

What people hear: "We'll never have time to savor our accomplishments, no time to practice what we've learned or to feel comfortable with our skills. The pressure we're feeling now will never go away."

Change is necessary, but the view of change differs between those who initiate change and those who are affected by it.

What management says: "Like it or not, we have to face reality. This is business today."

What people hear: "Like it or not, we have to face reality. Life stinks."

CHAPTER 1

The New Realities of Corporate Employment

At midcareer, a self-reliant person can always find bright spots. Nonetheless, reality can sometimes paint a dark picture. People today cannot entrust their lives and futures to the institutions and practices that have existed since the end of the Depression. These served well in the past, but a new century will require new perspectives. The final decade of this century will be a forge in which individual self-determination will be tested.

1990 began the decade of self-reliance. Corporations abandoned paternalism and cast off any traces of obligatory loyalty. Government help at all levels is shrinking. International competition respects only economic strength and vigor.* As in America's early days, each of us needs to kindle a pioneering spirit of rugged individualism. Tough as it may seem after giving and receiving corporate loyalty, it is going to be up to you to take care of yourself and your family—to be self-reliant beyond the corporation.

Organizations will continue to be the major source of employment and, after waves of downsizing, will slowly stabilize as the baby boomers begin to retire at the end of this decade and a labor shortage sets in. Only a few years ago large corporations such as IBM, GM, and Sears were being called "dinosaurs." Today they are stable, and IBM reports that it is hiring 10,000 people a year in its services division. Being self-reliant and working as

*Consider that a company can pay one year's wages to a software engineer in Bangalore for what it would cost to buy just one month of the same skills in Seattle.

a team member within an organization are not in conflict. A good team player is not only reliant, but reliable.

What Happened to Loyalty and Job Security?

Before we discuss what it will take to be self-reliant in the second half of the 1990s, we need to have a common understanding of the forces that have shaped the dilemma we now face and a common awareness of the problem to be solved.

For most people reading this book, what follows will be old and sad news, but they can take heart that their plight is recognized and seize the means for self-reliance that this book provides. Others may find all this to be startling news, but that, too, is good because such people need strong motivation to do the work to become self-reliant.

Looking back, we can see that loyalty grew from the years when professional managers wrested power away from the founding owner-barons and created the orderly pyramid organization, the organization that is now being flattened and stripped of its tidy structure.

Background

When World War II ended, the United States was the world's sole economic power with undamaged, newly built industrial plants and unchallenged, freshly developed technology. The G.I. Bill sent millions of the middle class to college, while government policies and loan programs fueled a housing (and baby) boom from Levittown, New York, to Long Beach, California.

The Eisenhower years brought billions of dollars into highways and bridges, providing jobs and a new infrastructure. The United States at mid-century was strong and secure.

From Strength to Weakness

Strength, however, led directly to a new phenomenon. The strong U.S. dollar was being spent overseas, where new competitors, fresh from rebuilding their war-ravaged businesses, were aggressively challenging us in our own markets. In the 1960s the balance of payments shifted and the United States became a net importer.

In 1971 the exchange rates were allowed to float and the dollar fell. Although this made U.S. goods easier to sell, it also made the now very large flow of imported goods more expensive to buy, so that prices crept upward. The oil crises arrived, and by the mid-1970s inflation was at a

full gallop. At first corporate profits benefited from inflation. Companies granted expensive and self-perpetuating cost-of-living formulas for wage increases. Because these and other cost increases could easily be passed on by raising prices, investments in capital and technology to improve efficiency and productivity were neglected.

The 1980s brought little but financial market legerdemain, creating only temporary service jobs, debt, and a few millionaires.

From Security to Jeopardy

Near the end of the 1980s *Business Week* (Oct. 5, 1987) observed:

Companies became trapped in the worst of all possible worlds. By the late 1970s even though profits still seemed strong, productivity growth was slowing to a crawl. The competitiveness of American manufacturers, as measured by their share of world markets was sagging. The Federal Reserve Board pushed up interest rates to fight inflation, and the dollar soared. American companies had to cope with higher credit costs while being priced out of markets overseas and surrendering big chunks of their domestic markets to cheaper and better imports.

[In the late 1980s the] adjustment has been painful. Plant closings, layoffs, restructuring, mergers, and acquisitions have provided the "leitmotiv" of the corporate drama for at least five years. Some industries have undergone wholesale elimination of excess capacity in a process of consolidation designed to carve up a shrinking pie among fewer companies.

In the years since this article appeared, things have worsened. Layers of managers, thousands of workers, and much of the cadre of financial services hires have been laid off as companies face the ferocity of international competition against world standards of quality, price, and value.

The Picture Today

Now, unless you take action, it will be you, the individual, who will be faced with threats to your paycheck from many sides. The very things that companies do to improve their own security imperils the security of their workforce. Your company's programs to improve productivity and lower costs cause layoffs in the short term. The president and CEO of Data General announced on a national news show that his company's improvements in manufacturing processes would allow the firm to shrink from 5 million square feet of space to 2 million square feet and still produce the same number of products. He foresaw more and more layoffs not only for his firm, but for others in his industry, as productivity improvement becomes an ongoing process during good times, not an occasional event when things are bad.

These so-called structural layoffs usually result in a migration of people to new jobs in new industries or new locations. This time, however, international competition is eliminating jobs everywhere, often permanently. Even the U.S. Army is reducing its workforce, using civilian techniques of offering retirement packages and seeking volunteers, but also resorting to coercive tactics by withholding reenlistment contracts.

New Factors

This is not a blip caused by a recession. This is an historic restructuring of the U.S. work force that's taking place over many years.

Dan Lacey, Editor of *Workplace Trends*

Americans have weathered employment contractions before. In the past, business cycles seldom hit all businesses at once, and ways were found to prime the economic pump. Today the economy labors under huge governmental debt, which limits its ability to intervene. Political sentiment to reduce debt further restricts intervention.

Federal government debt and, in some cases, policy have sucked up funds that previously flowed into state treasuries and the programs they supported. The layoff of state workers such as state police and state university employees—unheard of in times past—has become commonplace. State programs aimed at social, welfare, medical, and other such services are under severe pressure.

As might be expected, the financial pressure at the state level has been leveraged down to the local level. Local budget meetings have become contentious and often divisive affairs pitting young parents against the elderly, environmentalists against business people, and eventually neighbor against neighbor. In my own county, local budgets in several towns are rejected three and four times, until cuts are made in such previously sacred accounts as teachers' salaries and school programs. These rejections occur at now-packed town meetings that traditionally had been attended by few residents.

Between the Cracks—More Cracks

Although some resources have been directed to improving our factories, our productive methods, and our infrastructure, new problems demand attention.

Insolvencies among companies and their insurers have put pension funds at risk. You may know some retirees who never imagined they would face the prospect of poverty as they are trapped between reduced or dried-up pensions and rising medical costs. Rising health-care costs are forcing firms, unable to offset or pass on the increases, to shift the added cost to