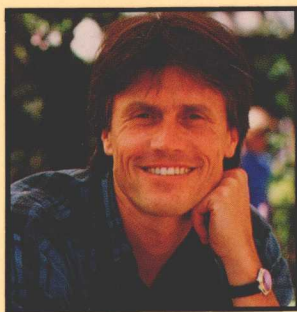


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PAUL HAWKEN

AUTHOR OF THE NEXT ECONOMY

# **G**ROWING **A BUSINESS**

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**Paul Hawken**

A FIRESIDE BOOK PUBLISHED BY SIMON & SCHUSTER

NEW YORK LONDON TORONTO SYDNEY TOKYO SINGAPORE



**Fireside**

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THE NEXT ECONOMY

SEVEN TOMORROWS

*(coauthor, with James Ogilvy and Peter Schwartz)*

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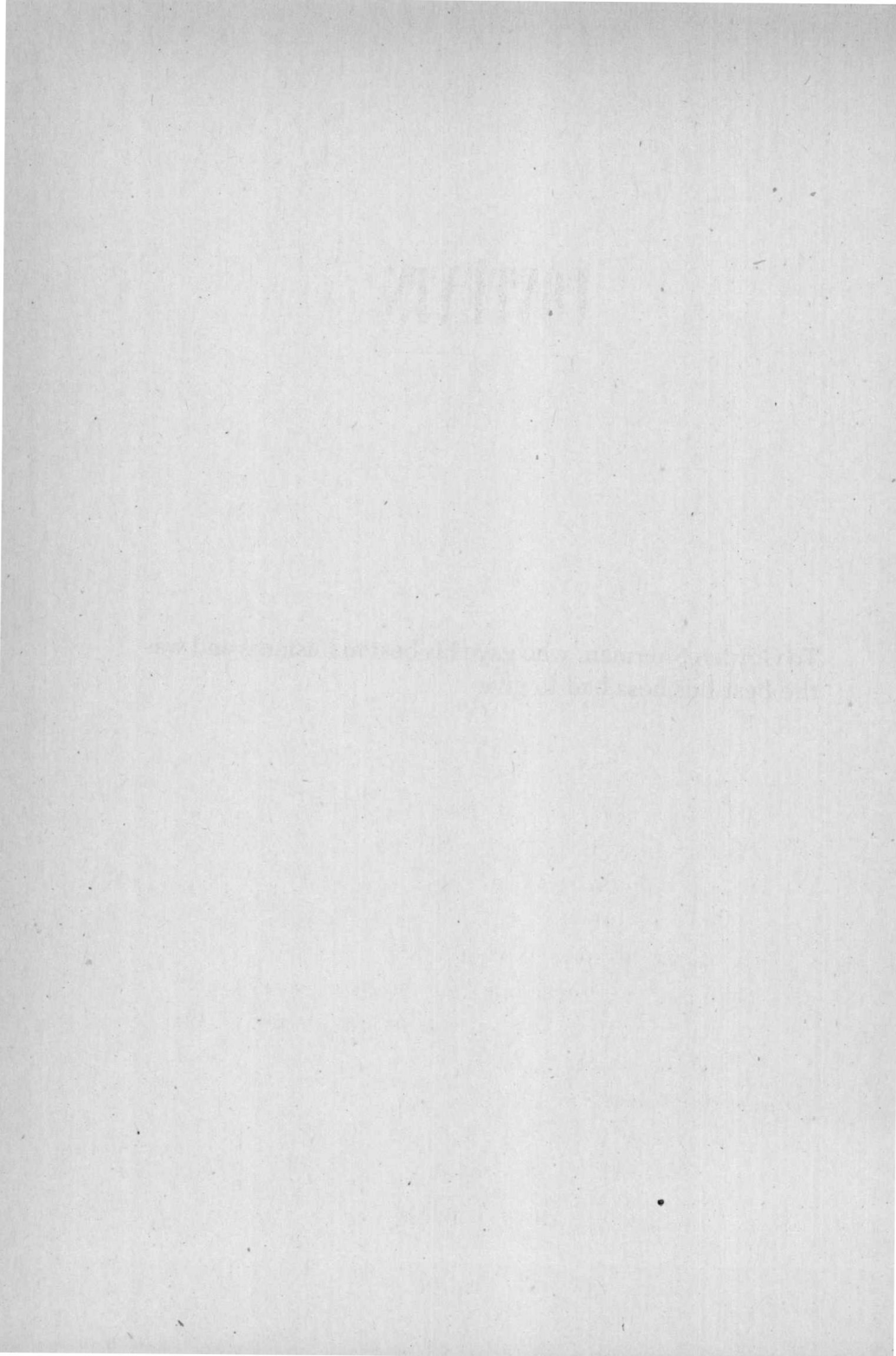
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To Gordon Sherman, who gave his best to business and was  
the best business had to give



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C H A P T E R

1

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Something  
You Live  
to Do

**W**HEN I started my first company in Boston twenty years ago, I had little interest in business. I was just trying to restore my health. Hindered by asthma since I was six weeks old, I had begun experimenting with my diet and discovered a disquieting correlation. When I stopped eating the normal American diet of sugar, fats, alcohol, chemicals, and additives, I felt better. I could breathe freely. When I tried to sneak in a hamburger and a Coke, my body rebelled. After a year of going from one diet to the other, I was left with a most depressing conclusion: if I wanted to be healthy, I'd have to become a food nut. I bid a fond farewell to my junk foods but then discovered that



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a steady diet of natural food was impossible to obtain without spending ten hours a week shopping at ethnic food stores, farm stands, Seventh-Day Adventist flour mills, Japan Town, and other distant vendors. The health food stores certainly weren't very helpful. For the most part, their idea of food included high-priced nostrums and vitamin formulas—sold by women who wore nurses' uniforms and white hosiery that made their legs look slightly cadaverous.

Tired of spending so much time shopping, I started the first natural foods store in Boston, and one of the first in the country. In the first year of operation on Newbury Street, it grossed about \$300 a day and I had fun doing it. The smallness of the operation allowed me to feel close to customers and suppliers. When the business began to grow and I had to spend more time behind a desk than behind a counter, I enjoyed it less. As the years rolled by, the company made money, lost it, hired hundreds of employees, bought railroad cars, opened stores and warehouses on both coasts, set up wholesale and manufacturing facilities, flirted with bankruptcy, and engendered a host of lean and hungry-looking competitors—some of them friends and former associates.

Along the way I managed to commit most of the original sins of commerce. I overborrowed, understaffed, undermanaged, overstaffed, and overstocked. I managed to alienate most of my staff at one time or another, failed to delegate efficiently, and didn't know how to read the balance sheet. (I can read a balance sheet now, but I'm still capable of making these other mistakes.)

When I sold the business after seven years, Erewhon

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Trading Co. was grossing \$25,000 a day. That was in 1973. I departed the country and took up the pen—something I had always wanted to do—in order to write a book about a community in Scotland. When I returned to the States a couple of years later, with an Australian wife I had met in Scotland, I discovered another reason to go into business for myself: I was unemployable. I had not held a salaried job in my adult life, had no college degree, and my experience in running a company was not deemed sufficient qualification for a position in corporate America. I didn't fill any job description. I checked the want ads in the Sunday papers but didn't find anybody who wanted me to start a business for them. Not wanting to go back to college to get a job description, I went back into business. In the parlance of the day, I became an entrepreneur—again.

But only indirectly: at first I consulted and worked with companies in the food, publishing, and waste conversion fields, and I did three turnarounds for companies in deep trouble, one each in fashion, marketing, and energy. I wrote a book about the effect that individuals, as opposed to institutions, have on the future. After three years of free-lance problem solving, several friends and investors and I founded Smith & Hawken. That was eight years ago, and our office in Mill Valley, California, is where you'll find me today.

This book comes straight from those business experiences. When I started the natural food business in Boston, my business knowledge was scant. I did the best I could and began reading everything I could lay my hands on. I subscribed to *The Wall Street Journal*. It confused me. I

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read the major business magazines. Their *Fortune* 500 world seemed irrelevant. I sneaked into classes at the Harvard Business School. Their case studies were lunar in their usefulness to my enterprise. The more I searched, the more confused I became. The more exposure I gained to the "official" world of business, the more I began to doubt that I was in business at all. I seemed to be doing something entirely different. I get that same feeling today when I read most of the standard business literature.

I believe that most people in new businesses, and some in not-so-new businesses, have the same problem. They don't feel connected to the conventional wisdom of the books, TV shows, video cassettes, expensive training seminars, and consulting services that compete for our attention. Much of the material is self-evident—be honest, find a gap in the market, the customer comes first, hire well, and so on—and other advice seems to be diluted from the experience of big businesses, as if a small business is just a flake chipped off the larger corporate world.

That leaves you and me out, but we are the people who run most of the businesses in this country, or soon will. According to David Birch, a researcher at MIT, using figures supplied by Dun & Bradstreet, there were two hundred thousand business start-ups in this country in 1965. We are now seeing a start-up rate of nearly seven hundred thousand a year. Subtract inactive companies, add in partnerships and sole proprietorships, and the total number of new businesses started in 1986 was over 1 million, almost half of them by women. The emergence of women in entrepreneurship in America is perhaps the greatest advantage now enjoyed by the American economy,

## SOMETHING YOU LIVE TO DO

which, alone among the world's economies, encourages this development.

Birch's studies show that these small businesses have been the driving force in economic growth and job creation in the United States since the mid-seventies. From oblivion, if not disgrace, to an almost hackneyed stardom, small business has come into its own in the last twenty-five years. Thirty-seven percent of all employed men and nearly half of the working women want or intend to start a business. The future of American business is standing at the threshold, not sitting in the boardrooms.

This movement toward new enterprise must reflect a certain amount of alienation of the work force from the conditions of their jobs. It is possible for the assembly-line worker consigned to tightening the bolts on the transmission and the office worker who processes medical insurance claims to work with pride and efficiency, but it's not easy to maintain that attitude. We were not created in order to spend half or more of our waking lives in such constricting circumstances, and we know it. Conformity within a large bureaucracy was the meal ticket for most people in the fifties, but I believe that the ability to strike out on one's own will be the most dynamic means of developing a "career" in the late 1980s and 1990s. This path will lead to the greatest job satisfaction and personal development. Knowing how to grow one's own business will be critical. The person who chooses to hide within some bureaucracy may be left behind.

This is a book about growing that business, with all that the term "growing" implies about paying attention to the world around you, learning from others, and changing