

Business Bullet ~
The Transition from Salaried to Solo, Don't Bust Your Bank Account
(Part 1 of 3 part series aimed at Business Startups)

Last month we talked about moving your business out of your home office. Well, let's back up just a bit. I've been meeting with quite a few people over the past few months who are interested in starting up their own business, and were asking my advice. Every one of them were feeling the growing sense of frustration over "working for someone else" and their longings to "do my own thing, drive my own wagon." Then, they added in, "But I have a family counting on me and a standard of living I don't want to sacrifice." I've been meeting so many new business owners lately, that it has prompted me to think about putting some advice out there for anyone who has these thoughts. I don't know everything, but I've learned a lot both starting businesses myself (three different ones) as well as helping others start their businesses. And, there are some good books out there, including one that I mention at the end of this article.

Everyone has to decide for themselves what level of sacrifice and risk they're willing to undertake in order to enjoy the satisfactions of working independently. Knowing some strategies for managing the risk will allow you to make a well-informed decision. There are seven tips included below, the first two suggest ways to gradually transition from salaried to solo, instead of diving off the edge. Remember that key word.....gradually, very important. The second two are ways to stretch the dollar, and next month I will expand on some financial ways you can maintain control when starting up a new business. The final three are ideas for getting started without stopping.

1) Continue to draw a (reduced) salary.

Leaving your current employment in order to develop your new business may look like the only option, based on an assumption that you won't get approval for reducing your hours. While this may prove to be the case, asking yourself why and how your company will profit from retaining your skills and experience for a transitional period can provide the basis for approaching your employer. Be sure to do your homework first, however, and be able to back up your request with a solid rationale. Also consider the issue of timing. You want to weigh informing your employer of your wish to leave with being prepared to leave if the answer to your request is no.

2) Develop another income stream.

If you need to leave your present employment, is there a skill in your toolbag that you can resuscitate and put to work without a significant expenditure of time and energy? Is moonlighting or freelance work an option? Virtual websites (such as eWork.com, Guru.com, e-lance.com) may be worth looking into for short-term professional services opportunities. Examples: A community mental health worker transitioning to private practice used his conflict resolution experience to sell a training package to public schools. A woman transitioning out of an insurance brokerage created and sold seminars on long term care financing at local retirement centers.

3) Reduce expenses.

Apart from fixed expenses—mortgages, taxes, insurance, etc.—are discretionary expenses that make up the larger part of budgets. Doing a careful analysis of these expenses and choosing what you can forego for awhile can often save thousands per year. Carefully analyzing hidden expenses—credit card interest rates, bank charges, late fees, auto debits, phone plans—or 'lost money' from low interest rates on savings may generate several thousand more per year.

4) Borrow.

It isn't necessary to wait to borrow for start-up costs until you have a well-documented idea to submit for a business loan. Refinancing a home or taking a line of credit are relatively low-cost ways of generating capital. Depending on your credit rating, you can also get time-limited low-interest loans from credit card companies. If you choose this option, applying for loans or refinancing packages while you're still employed is strongly advised. Your rating as a borrower declines quickly once the regular paychecks stop.

You don't have to wait! Get started on your business idea while you're still employed. Several of the all-important first steps (below) can be started while standing in the grocery line or running on the treadmill. They involve asking yourself some questions and doing some informal research to get crystal clear about your idea. This can take weeks off your actual start-up time.

5) Identify your niche.

Think about the services you're uniquely qualified to provide, as well as the ones you most enjoy providing. Be specific! Write them down! Then, think about what group of people would get benefit from those services and have the ability to pay for them. Again, be specific: age, where they congregate, habits and values, how they define the problem your services are going to solve. If you don't know, ask. Find someone who fits your 'ideal client' profile (at the gym, maybe the person next to you may be one) and get permission to ask some questions. People generally love to be helpful.

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6) Create your own marketing plan.

Don't be intimidated by the term 'marketing plan'. While what you need from a marketing plan will get more sophisticated as your business develops, for now it simply means answering the questions, "How is my business going to make money?" "What is the product or service you're going to sell?" "How will you describe it so people quickly recognize the value?" "How will you package it?" (fee for service? By the project? On retainer?) "How will you price it?" (What's being charged for comparable services? What 'feels right' to you?)

7) Manage fear!

For most people, anything involving money involves some level of fear. It's important to acknowledge to yourself and to others that you are taking a risk, and you've decided it's a risk you want to take. So, consider the fear natural, and find ways to manage it.

Getting support from people who believe in you and in what you're embarking on is #1 in fear-management tactics. Don't assume that you'll get it from the people closest to you, or that if you don't have it you shouldn't proceed. They're probably the ones most impacted by your decision, and so may be the least ready to offer support. Their consent—a willingness to go along with your plan—is helpful, but support may have to come later.

It's also helpful to set a goal (and a date for completion) that's key to your new venture—arrange financing by a particular date, or sign a lease—and announce it to at least one person. You'll find that making that commitment, saying it out loud, and following through will in turn generate more confidence and more forward momentum.

To all of you who are tired of marching to someone else's drum and are eager to go solo, these strategies should help you take prudent but positive steps toward realizing your goal. The next two months' articles will cover some of the financial control you can take when starting up a new business venture, and how to find customers.

Many thanks to Nina Hamm of Women's Success Coach, and Janet Attard, author of [The Home Office and Small Business Answer Book](#)

COMING NEXT MONTH: Keep your startup costs low. (Part 2 of 3)

COMING IN JULY: How does a startup find customers? (Part 3)

