

THINKING OF TAKING THE ENTREPRENEURIAL PLUNGE? FIVE THINGS THAT COULD MAKE THE DIFFERENCE BETWEEN SINKING AND SWIMMING

Women are jumping in the entrepreneurial arena at record pace. According to the Center for Women's Business Research, between 1997 and 2002, the number of privately held majority or 50 percent women-owned businesses grew by 11 percent, **more than 1 _ times the rate** of all privately held firms. These firms now number over 10 million and contribute nearly \$2.3 trillion in revenues to the U.S. economy.

The interesting thing about a woman-owned business is our REASON for starting them: "We want to make a difference." Although we seek money, control, and autonomy, women cite the desire to make an impact or set a culture as the most pervasive reason for becoming an entrepreneur. This differs from what is perhaps man's primary focus of generating an income to provide for family.

With this significant difference in motivation come major differences in the methodologies and philosophies of operating a business. This became painfully obvious while interviewing dozens of men and women for my book "*Do as I Say, Not as I Did: Gaining Wisdom in Business through the Mistakes of Highly Successful People.*" Fourteen of the 29 entrepreneurs profiled in my book are female, and the differences in their stories and experiences are profound. As studies have shown that women are more relationship focused than our male counterparts, it is probably not surprising that our setbacks have almost universally resulted from being too trusting and naïve. We put a high value on relationships so we don't always do thorough background checks and due diligence, especially if it involves a friend or family member.

But, because of our "higher-calling," our passion and persistence often overcome even the most tragic of adversities. From partners stealing huge amounts of money, to IRS woes, to lawsuits which meant sure bankruptcy, the amazing women in my book fought against huge odds and bounced back to become successful, productive, and profitable. Lessons learned along the way have been profound, provocative, and life-changing.

Neither men nor women are exempted from the challenges of being an entrepreneur. While good ideas, hard work and even luck factor in to whether a business succeeds, I maintain that it is imperative that every entrepreneur – male or female – take the following tips to heart before taking the entrepreneurial plunge!

PARTNERS: One of the things about partners is that you will spend more time with them than a spouse. Just like a marriage, everyone is giddy with joy and excitement going into the relationship – what could possibly go wrong? While going into business with friends or relatives is very tempting, it sometimes leads to disaster. Just ask Dr Judith Briles. Many years ago she went into partnership with a good friend – we'll call her Kerri - to build a hotel in California. Unfortunately Kerri got caught up in the cocaine craze of the 80's. To fund her habit, she doctored and forged invoices for bogus services to the tune of \$450,000.

Neither the bank nor Judith were paying enough attention to the details. Judith was suffering from the common "I'm so busy with other things and I'm sure everything is fine" syndrome that many business owners have. Judith and Kerri both personally guaranteed the loan. Kerri declared bankruptcy and stuck Judith with debts and litigation totaling more than \$1million...which she eventually paid in full.

Her experience drove her back to school to earn her PhD with a special concentration on behavioral sciences. She wanted to find out how she could have been so easily taken to the cleaners. Her study on the subject led to one of her first books *Do Women Undermine Women?*

DUE DILIGENCE: Nothing takes the place of it. Becoming an entrepreneur means learning to do doing ninety things at once – you’re a multi-tasking fool. But you **must** delegate and outsource for growth to occur. With that comes a responsibility to monitor and hold accountable the person you put in charge. When that fails to happen, you might end up like Susan Jones Knape, owing the IRS hundreds of thousands in back taxes and penalties. Susan is a beautiful, successful trailblazer -- an advertising executive who opened her own agency without knowing ANYTHING about finance or accounting.

So she did what most smart people would do – she brought in an expert. A CPA who had done similar financial management for other advertising agencies. However, instead of learning something about finance so she could keep tabs on him, she turned the entire money side of the business over to “Mark” for the next two years.

Oops! With the potential acquisition of her agency just a few months away, Mark finally came clean. The company had cash flow problems and he made the BRILLIANT decision to pay their media vendors instead of the IRS. To the tune of \$350,000. Bad move.

She immediately fired Mark and ended up working out a deal to get the IRS paid.

She had not checked Mark’s references. She just ASSUMED that because he had worked for other agencies he must be OK. She admits she was “just too busy for details like that (there’s that syndrome again!). Later she learned that Mark had a track record of financial fiascos at all those agencies that once so impressed her. Not spending that hour doing her homework cost her major bucks and tremendous heartache. She was so moved by the repercussions of not knowing more about finances that she recently authored a book titled *The Money Rule: 50 Ways Women Can Make More, Save More and Have More*.

OPTIONS: They are NOT optional! Having options and choices in all areas of your life results in power, freedom, and peace. Mistakes happen when one is backed into a corner. Put your eggs in several baskets. That will result in maximizing your success and minimizing your stress. I learned this the hard way when I contracted with an international manufacturer to make products for my birdcage company, Avian Adventures. He was the third one I had tried and I was relieved to finally find someone who could produce the quality and quantity of product I required. Things were going so well that I didn’t pay enough heed to my business associates warning to find a back-up supplier. Two years into our relationship he got greedy and decided to sell my design to my much-larger competitor. Not having a proven back-up supplier as an option cost me hundreds of thousands of dollars when I decided to stop buying from him.

PASSION. Expertise about a business or industry doesn’t mean you care about it. Women want their careers to give their life meaning. It has been scientifically proven that having an emotional attachment to your business builds a stronger intellect, while drudgery actually weakens it. Being passionate about your business will allow you to persevere in ways you never thought possible. If my business had been making paper clips instead of products for my passion in life, parrots, I would never have survived the ugly, nasty, and costly legal battle that my much larger competitor waged against me so he could put me out of business.

PLAY THE GAME of business and life with authenticity, persistence, and integrity. Sometimes you will score the goal—and sometimes you will get scored upon—but at least you are not sitting on the sidelines! You are on the field, playing your heart out, gaining experience, wisdom, and success.

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