

CHAPTER ONE

*The Business Mind-Set:
Your Key to Success*

Let's get philosophical. Why, exactly, are you thinking of doing something entrepreneurial? Do you crave the feeling of achievement of doing something on your own? Are you looking for a better, more flexible lifestyle? Are you tired of working for someone else? Are you finding it difficult to get a new job? Are you disillusioned with the job you've got? Do you have a passion that you'd like to turn into a profession?

Valid reasons, all of these. So . . . do you have the right mind-set to succeed? That's harder to answer. Before you explore the possibilities for a successful second career in small business, explore your state of mind and your readiness to operate in a different way.

Begin by asking yourself these questions:

- Are you business minded or simply professionally oriented?
- Have you given yourself permission to care about making money?
- Do you know how to think about risk?
- Are you comfortable expressing your business ambition?
- How important is lifestyle choice in choosing your next gig?

*The Business Mind-Set: Your Key to Success***Business Orientation**

I've often wondered why there aren't more women out there who identify their professional interest as simply "business." Somehow, we are much more inclined to describe our professional interests in terms of industry (banking, pharmaceuticals, consumer products, advertising) or department (marketing, finance, PR, HR, operations, administration) than in terms of business potential. Our first jobs are usually in established companies, where we learn to work on a team, to be professional, to perform our small part in making a corporation successful. But is this the same as learning about the basics of business? Most certainly not. Yet, because we've worked in for-profit corporations, we tend to think of ourselves as being business oriented.

Is it possible that we're so focused on doing a job well that we give scant thought to business survival basics such as profitability, cash flow management, meeting payroll, and selling enough products or services to stay in business? (Would your reply to that be, like so many others', "Hmm, that's possible, but that's someone else's job, not mine"?) And what does this portend for our quest to break out of the larger corporate world and do something entrepreneurial?

The first step we have to go through in the mind-set change is to acknowledge that professional excellence and business excellence are not synonymous.

Take, as an example, the case of a woman I know named Sarah. She feels proud of her business success: She's producing a top-quality product that some big-name customers want to buy, she has a team of happy employees and sales reps, and she loves what she does. What Sarah is slow to realize or loath to admit, however, is that her products are priced under market, her employees are being compensated far better than she's able to compensate herself (though she's bearing all the risk), and her neglect of financial management could threaten her happiness in the event of a crisis.

Sarah needs to trade in a bit of her professionalism for true business orientation, and she may need to shake that feeling that focusing on the bottom line is crass or boring. Let's face it: Being a financial success is

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usually the only way that a small business can grow larger. It's also a means to an end. Profits enable you to treat employees well, if that's what's important to you, or maybe to pursue some other, higher calling. Yet women are often guilty of downplaying the profitability mandate.

Being openly greedy about becoming rich in business is generally considered in poor taste, but when men do it, they're usually laughed off or even encouraged by other men rather than incurring disapproving looks. I'll never forget one moment during my stint as vice president of business development for a much-hyped, well-funded online service for children in the late 1990s (where, incidentally, very few parents worked because the hours were so intense). It was the day that we finally launched the beta version of our product, and there was a company celebration. Exhausted employees who were passionate about their work and this company were dancing and laughing and drinking, and I remarked to the founder of the company, "You must be so proud." Instead of agreeing that this was a huge highlight in the company's history as well as his own, he turned to me and said that the milestone meant very little to him. What he cared about and was waiting for, he said, was the IPO—going public on the stock market (and, therefore, getting rich). I was appalled, despite those stock options in the file drawer that I hoped would be worth something one day.

This entrepreneur was focused on quickly creating great personal wealth, not on building a profitable company with staying power. His intentions, too, were in the wrong place. He indulged himself in grand ideas when he, too, should have been training himself to be more business oriented. Not surprisingly, the business failed after four years.

Even if it doesn't come naturally at first, business orientation can be learned. It's just another form of discipline.

Women's Attitudes toward Money

Our culture somehow deemphasizes to women the basics of business and making money. If you identify yourself as a business-oriented woman, do yourself a favor: Give yourself permission to care about

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making money. This is essential to getting off to the right start in an entrepreneurial career, and it is the second change in mind-set that I advocate.

Isabella Califano, co-founder of the women's active apparel company Chickabiddy, reflected that "The biggest problem for women is that they are not taught to understand money. They are told to find a career they love, as opposed to understanding money and business. Men are taught to be aware of how to make money." Isabella discovered this for herself when she left a creative job at an ad agency to launch her own line of surf wear for women. She knew from her previous job how to market clothes and how to create a brand—valuable business skills, to be sure—but found out on the job that she knew very little about cash flow and running the day-to-day finances of what was really a manufacturing company. She quickly came up to speed, however, and when I talked to her she described herself as "really into finances." Still, after years of hard work, she was taking home only a modest amount of money and struggling to increase the size of her staff.

In *The Old Girls Network: Insider Advice for Women Building Businesses in a Man's World*, the three female authors state flatly, "We would argue that collectively, women are far less powerful than men, a situation that stems in part from how we deal with money, how we earn money, and how we think about money. . . . Not many of us were told, let alone encouraged, that we could express ourselves through the medium of business. We were not told that by creating and selling products and services we could manifest our ingenuity, our intelligence, our independence; that we could do good for others and have a fully realized life."¹

Being Realistic about Risk

Part of thinking about money in a productive way is being realistic about risk; this is the third challenge for you in creating a business mind-set. Not only do we need to have a sense of how much or how little risk is appropriate to take on, but we also need to develop an instinct for how taking certain risks can be very beneficial, while engaging in other risky behaviors can seriously disadvantage our businesses. What fouls up

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many women (and men, too) is that they don't always understand when they are taking on risk and whether a certain amount of risk is acceptable, perhaps even advantageous to their businesses.

For example, you may agree to buy a small business for a fair price but need to finance the purchase through a loan. It's not risky to take on this debt if you know that the payments have been spaced out in a way that's affordable to the business, but it is risky to agree to a repayment schedule that's too aggressive. Or let's say you want to start a business from scratch. It's not too risky to give up your job and invest \$25,000 of your own money if you've got industry experience, have written a thorough business plan, and have secured a contract for your first product or service. But it is risky to quit your job and rack up \$25,000 in credit card debt to produce a glossy brochure and build a product prototype if you not only haven't done that up-front work but also have no additional cash reserves. (For that matter, it may be riskier to quit your job and spend \$5,000 on your business idea than it is to spend \$25,000, because \$5,000 may not get you all the way there).

Our tolerance for risk varies from woman to woman; there's no magic threshold for all of us. But naiveté about risk can be a killer. Being completely risk averse is also very limiting. Deborah Moore of Sunbelt Business Advisors Network, the largest business brokerage firm in the world, says, "I see women tear deals apart because they don't know how to evaluate risk. They're looking for security, so they tiptoe into a new venture, unwilling to put much money up front. They limit themselves, being so risk averse, and are blinded to a reasonable analysis of risk versus reward." In the area of risk assessment, a little bit of savvy goes a long way.

Career Ambition versus Life Ambition

The fourth change in mind-set we may have to undergo is to come to terms with our own ambition, which may look a lot different than it did when we were first out of school. When Ania Camargo and Electa Sevier teamed up to start a consulting firm together six years ago, they

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agreed that they'd become more holistic about their ambitions since their early career days: "In our first meeting, when we were thinking of going into business together, we both agreed: We don't want successful careers, we want successful *lives*." What this meant to them was being picky about clients, working flexible and shorter hours with minimal travel, charging market rates, and keeping their company small (just the two of them).

What's commendable about Ania and Electa is that they articulated what they were striving for at the beginning of their business venture. But I don't think I heard them use the word *ambition*.

Anna Fels, a psychiatrist and Cornell faculty member, published an article in the April 2004 *Harvard Business Review* entitled, "Do Women Lack Ambition?" She found that the term itself conjured up negative characteristics that the women she interviewed did not want to associate with themselves, terms like *egotism*, *selfishness*, *self-aggrandizement*, or "the manipulative use of others for one's own ends." Women especially seem to struggle with the idea that the expression of ambition is selfish.

In her book *Creating a Life*, Sylvia Ann Hewlett quotes a 35-year-old stay-at-home mother named Cindy living in Raleigh, North Carolina, who sums it up this way: "Men are always accusing me of being greedy when I say I want it all. But I'm not talking about bells and whistles. I'm talking about the basics: love and work. What sane person doesn't want that?"² In fact, it is not wrong or crazy to want both of these things.

Does entrepreneurial ambition look different from corporate ambition, or even community ambition? I'd say that it does. There's much more emphasis on personal choice (and consequences), independent problem solving and decision making, and responsibility and commitment. In a private company, only you and your closest advisers know how you are doing financially, but the fact remains that you can measure your success by your tangible results—no more performance reviews or concern over titles. It's exhilarating, but it can also be daunting. Other women usually react positively and admiringly toward women who own their own business or consult or work for others on their own terms. They'll root for you in a way they may not have if you were climbing the

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corporate ladder. Even if they don't want to do it themselves, they want to live vicariously through you!

As Ania and Electa said, their business goals are hard to separate from their life goals. That is their choice; another choice could be to pursue high-potential, high-growth businesses, possibly placing a lower priority on lifestyle and personal goals. By and large, this book is for the large audience of women who are seeking income, independence, flexibility, and balance in their businesses—not for those seeking to build high-profile companies or great wealth. Gary Schine, author of *How to Succeed as a Lifestyle Entrepreneur: Running a Business without Letting It Run Your Life*, would call these women *lifestyle entrepreneurs*.

But don't expect to find this term in many small business books. "The fact that lifestyle choice and not money is the main reason entrepreneurs become entrepreneurs is barely dealt with by those who write books on small business or otherwise dispense small business advice," remarks Schine.³ Why? Americans are very work oriented, and an explicit focus on lifestyle is viewed as a luxury. Moreover, the American model for success at work calls for achievement above all else, rather than happiness, balance, or a feeling of significance or legacy.⁴

And you thought peer pressure was over after you got out of high school! Ambition is unseemly, being profit oriented is unfeminine, and to choose a lifestyle business is to deny your full potential! (I hope you're rolling your eyes now.) Just remember that ambition is a personal choice. Realize how societal expectations influence your behavior and thinking, but follow the path that's right for you. And decide up front how much relative importance to give to lifestyle when you're evaluating opportunities.

*Envision Your Future—Find
a Female Role Model*

As women do, we talk about and share our stories, discussing the gap between youthful expectations of our future careers and the reality of our adult lives, which often is more complicated than we envisioned it to be.

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We analyze the truth of our lives with other women—in groups of friends, on talk shows, in books, on web sites. We're fascinated by other women who have done what we dream of doing.

Yet, figuring out whether the timing is right for a new career or business is a personal and private challenge, and our friends can play no more than supporting roles. Sometimes it takes someone we don't even know to inspire us to take action. In this book you'll meet many other women like yourself who worked in many different roles before taking the plunge into small business.

Take, for example, Linda Gay, a former vice president at Merrill Lynch who bought a Foot Solutions franchise in Princeton, New Jersey, in the fall of 2003. She reflected on her participation in a franchising conference just after setting up shop: "It's funny. Now I know I'm part of a huge group of people I never knew existed!" In her case, that meant corporate refugees, many of whom were women, who found that running a franchise was a perfect match for what they found gratifying: economic independence and getting away from corporate politics.

Linda had imagined doing something noncorporate for a long time but was afraid of failure; a big psychological barrier for her was the lack of a business idea. Once she faced her fear and did some research, she began to realize that she actually had a lot of options—and role models. She acknowledges that "This is something I couldn't have done twenty years ago," but now she's in a different place mentally, and she feels very gratified and happy. "I'm now of the opinion that it's actually riskier to stay in a corporate job than to go out on my own!" Making the switch has been an adjustment for her financially, but her second year sales are already 60 percent higher than her first, and she remarks, "Guess what? I can live on a whole lot less, and it's not even painful."

Your goal, of course, should be to determine whether *you* have the right kind of ambition to strike out on your own. Give yourself permission to be ambitious again, but by all means, make the choice that really suits you. If you can't picture yourself starting a company from scratch, or don't have the money to consider buying one, have you considered consulting for or working for a small business as the first step? You can achieve similar levels of independence and flexibility, with

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drastically lower levels of responsibility and commitment. If you get that far mentally, then consider the vast array of franchises that exist today. If that's too intimidating, what about becoming an independent consultant for a direct sales company such as Creative Memories or the Carlisle Collection? (Read about them in Chapter 5.) Do you have a family business you could consider joining or buying into? The possibilities are myriad.

Let's get started on the journey. Stick with me and you'll soon determine for yourself which option is right for you.

