

A few thoughts on entrepreneurialism



**RICK
BRIMEYER**

Brimeyer,
LLC

He is president of
the Ames, Iowa,
consulting firm

August marks the seventh anniversary of striking out on my own during the depths of the Great Recession. Thus I've been thinking about entrepreneurialism lately.

Back when I was in school there was a common joke, "Before I came to Iowa State I couldn't spell 'engineer' and now I are (sic) one."

I'm still learning to spell "entrepreneur." I feel a sense of accomplishment whenever I hit the space bar after typing it into MS-Word without a red squiggly line appearing. But am I one?

According to Google Trends, usage of "entrepreneur" has doubled since 2008. Because the term is so over-used, there is no shortage of "advice" on the internet regarding qualification requirements. Much of it is entertaining and some insightful. Here are some of my favorites:

- You no longer live with your mom and spend more time performing your business than dreaming about it. (Check. I haven't lived with Mom and Dad for 34 years and have to schedule time for dreaming, also known as strategic planning. I have lived with my wife, best friend and accountant for the past 34 years; that seems like it should be bonus points.)

- You've replaced your 9-to-5 income with your business. (Check. Although the first thing I tell people that are considering going out on their own is, "Don't do it for the money!")

- Someone else calls you an entrepreneur. (A little help here ... anyone ... hello?)

Another suggested "prerequisite" that caught my eye is worth discussing. It states, "Unless you are running something and unless there is serious financial risk, you are not an entrepreneur."

Just as the old saying warns that there are old pilots and bold pilots but there are no old, bold pilots, I intercede that successful entrepreneurs are adept at minimizing financial risk. I'm a pretty conservative person by nature. Some of the tactics I used to temper risk as I started my consulting business and subsequent ventures include:

- Moonlight while keeping your day job to ensure there

is a true demand for your product or service and that you enjoy the work enough to do it full-time.

- Go through the trouble to create a separate legal entity (such as a limited liability company) to protect your personal assets; the expense is low and the effort relatively painless.

- Minimize long-term financial commitments up front by leasing and subcontracting as opposed to building and hiring. You'll sacrifice margin initially, but you always can take on these commitments later if and when the business justifies.

- Protect your business with the appropriate insurance, but not more. Work with a respected professional who will take the time to understand your unique business and situation so you don't end up with the equivalent of collision insurance on a \$1,500 clunker.

- Venture out when you can afford to fail. In my case, Janet and I were recent empty nesters and she held a steady job.

Although I don't have data, the last point suggests that most successful ventures are proactive rather than reactive. Recessions are renowned for spurring new ventures, not unlike the spike in new births that will be experienced on the north side of Chicago in late July or early August the following year should the Cubs finally win the World Series. Businesses (and babies?) are generally best planned (but not always).

Recent data shows that as the economy improves, many independents are leaving the "gig economy" and returning to "regular jobs." No doubt these folks long for the days of a regular paycheck and benefits that continue to flow as long as they continue to meet minimum job standards (and until the economy tanks again).

That leaves those remaining who are OK with knowing that their next payday will come directly from a customer only if and when they provide valuable products and services ... and who wouldn't have it any other way. That's what I call an entrepreneur.

RICK SAYS

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