

SUCCESS

What Achievers Read

June/July 2008

Why You Should
**START A
BUSINESS
TODAY**
And Recession
Proof Your Income



Why You Should Start a **BUSINESS TODAY**



And Recession
Proof Your
Income

*by John David Mann
and Erin Casey*

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John was 53 when the bad news hit: His department was being moved offshore. Since joining the company eight years earlier, he had worked his way up to a solid position in middle management with a decent salary and great benefits. Now, he was out of a job.

Having spent his entire adult life in corporate positions, he knew he *could* go job hunting. But this was the fifth time he'd had a "secure" position shot out from under him, whether through downsizing, restructuring or other reorganization, and with a wife and two teenagers to clothe and feed, he was no longer willing to trust his future to this game of corporate roulette. It was time to go into business for himself.

The Great Migration

Across the country and around the world, legions of people are abandoning their dependence on big business and seeking independence through their own enterprises. ^{1,000,000} Every month, about 1 million Americans go through some type of job change or loss, and increasingly they are deciding to start their own businesses.

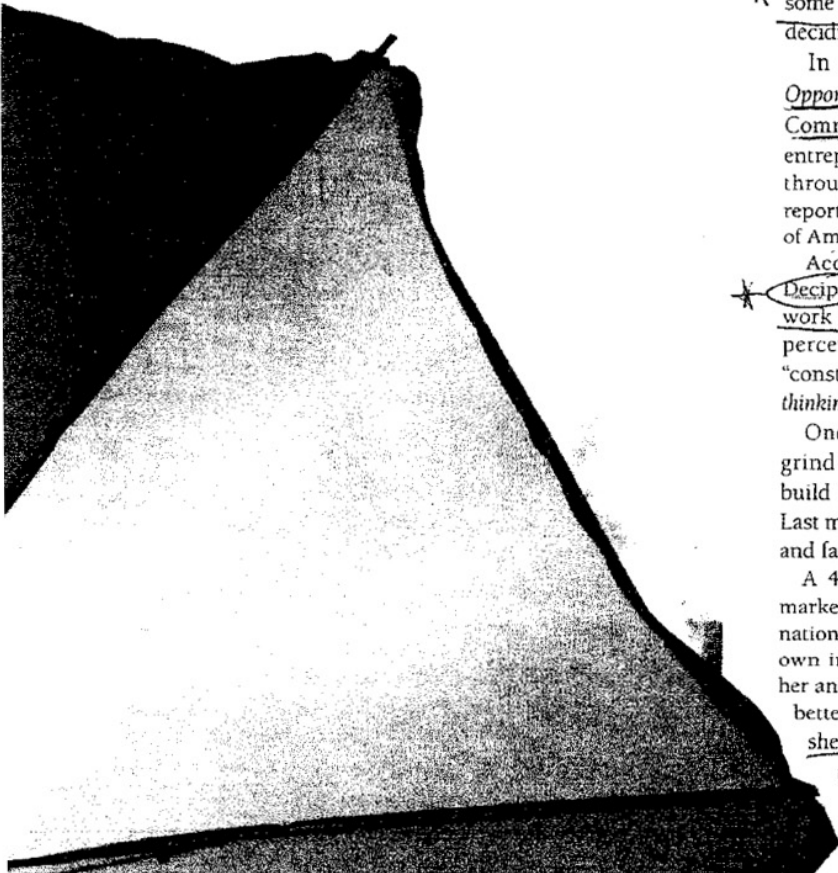
In a recent report titled Work, Entrepreneurship and Opportunity in 21st Century America, the U.S. Chamber of Commerce said, "Millions of Americans are embracing entrepreneurship by running their own small businesses, through independent contracting or direct selling." The report also cited a recent Gallup poll finding that 61 percent of Americans now say they prefer to be their own bosses.

* According to the Fresno, Calif.-based research firm, Decipher, 72 percent of all adult Americans would rather work for themselves than for another company, and 67 percent think about quitting their jobs "regularly" or "constantly." An increasing number are doing more than *thinking* about it; they're *doing* it.

One 23-year-old man quit the intensely competitive grind as a high-tech corporate worker in Manhattan to build his own Internet marketing business in early 2007. Last month, while he was out of the country visiting friends and family, his business earned him \$28,000.

A 42-year-old woman lost her stressful corporate marketing job when her company was bought by a multinational. Rather than dust off her résumé, she formed her own independent marketing firm; today, four years later, her annual earnings have exceeded her former salary. Even better, she controls her own hours, works with the clients she chooses and spends her days in her home office with a view of the ocean.

For another woman, a schoolteacher and mom in her early 30s, it didn't take an external crisis



to make her rethink her career. She was doing just fine in her job and loved the work—but had hardly any time for her four kids. She bought an education franchise and began working out of her home; within three years she'd earned back her investment and, like the others, left her old salary in the dust.

It amounts to a massive migration, cutting across all categories of age, ethnicity, income level and skillset, greater in its numbers than anything Ellis Island ever witnessed, as millions leave the world of corporate employment for the land of business ownership.

More than one in eight U.S. households includes a home-based business.

Source: Office of Advocacy, Small Business Administration

About 465,000 new businesses are created each month in the United States, according to the Ewing Marion Kauffman Foundation. The creation of a new business "is more widespread than the creation of a new household or the birth of a baby," reports the 2002 Panel Study of Entrepreneurial Dynamics.

At any given time, 15 percent of the U.S. population is involved in running their own businesses, says Carl Schramm, president of the Kauffman Foundation. "These entrepreneurs, people who

now create more than half the new jobs in America, are defining the new economy, not just here, but around the world," he says. "We could call the current era the age of entrepreneurial capitalism."

As economist Paul Zane Pilzer puts it in The Next Millionaires, "We're in the midst of a boom in home-based businesses, and it shows no sign of slowing."

The New Job Security

Why are so many people starting their own businesses? There are dozens of answers, and they boil down to these: more security, a more satisfying lifestyle, greater financial opportunity and the opportunity to live a life of greater impact.

The first reason, security, may come as a surprise. Only a generation or two ago, going into business for yourself was considered risky, and the safest route was to get a good job in a large firm. Back in the 1960s and '70s, companies like IBM made "employment for life" the gold standard of job security.

But employment at IBM hit its peak in 1985, more than two decades ago, and the solidity of the corporate career has been in decline since. Massive layoffs sweeping American industry in the last decade have brought the message home: Corporate job security and the "40-year plan" are relics.

"People used to change jobs two to three times over a lifetime. Today, people commonly change careers two to three times over a lifetime," Pilzer says.



Muhammad Yunus, whose concept of microcredit for Third World entrepreneurs won the 2006 Nobel Peace prize, said, "All people are entrepreneurs, but many don't have the opportunity to find that out." Today, there are about 25 million small businesses in the United States. More than half of them are home-based businesses, and they generate some 10 percent of the nation's economic receipts. More than one in eight U.S. households includes a home-based business.

5,600,000

Now, working for a traditional corporation has become the risky option. Working for yourself has become the new job security. "If I'm working for someone else, I'm trading time for money, but I'm not building any equity," says Duncan MacPherson, co-founder and co-CEO of Pareto Systems, a consulting firm. "As an entrepreneur, I'm the master of my own destiny."

Some options people are pursuing include consulting, real estate investing, as well as online, direct selling and franchising opportunities.

Here's how *Fortune* magazine put it in a recent cover story: "Forget the paycheck; your W-2 days are over. It's a 1099 world now."

A Better Lifestyle

With each passing year, we are less willing to sacrifice participating in our children's lives to sit through endless meetings and wade through office politics. We can laugh while watching *The Office* on television in our living rooms at night—but do we really want to live through it during the day?



**"People used to change jobs two to three times over a lifetime. Today, people change careers two to three times over a lifetime."
Paul Zane Pilzer**

One of the biggest reasons for the self-owned business boom is that people love the benefits of working for themselves and enjoy the freedom they gain from designing their own prosperity. No more commute and no more boss. You get to choose when you work, how you work and with whom you work. Best of all, you don't have to make the agonizing choice between time for family and time for business.

"It's really a quality-of-life issue," says Wendy Piersall of eMoms at Home. "The reason people start their own businesses or become entrepreneurs is because they want flexibility and career satisfaction. And because of technology, it's never been easier to go out there and go after your dreams."

E-mail, cheap teleconferencing and a new generation of Web tools make it possible to run a fully competitive business from a home desktop. As a home-based businessperson, you can expand your business to Chicago, San

Francisco, Hong Kong and London—and still make the soccer game.

U.S. Senator Olympia Snowe, former chair and current ranking member of the Senate Committee on Small Business and Entrepreneurship, points to the flexibility and innovation a home-based business provides: "Americans need more options to help them provide for their families, and the ability to work from home is an essential means of achieving that goal."

Snowe is echoed by Harry Dent, best-selling author of *The Next Great Bubble Boom*: "In the network economy, there won't be jobs, only businesses. We will all become entrepreneurs.... You will run your own business, make your own decisions... and that means you can work at home."

Greater Financial Opportunity

The masses making this migration also have a clear eye on the bottom line: There is far greater opportunity to make money by building your own business than by working for someone else's.

There was an implicit trade-off in the old 40-year plan: Working for a firm typically meant there was a fixed ceiling to the wages one might earn, but the benefits and job security were worth it. Now that the benefits and job security (half of the equation) are evaporating, millions are asking,

why settle for that arbitrary income ceiling?

In his book *CASHFLOW Quadrant*, Robert Kiyosaki explains there are very different characteristics involved in being an employee versus owning one's own business—and throughout history, most people who have achieved financial independence have been business owners.

"Many people fail to become rich," Kiyosaki says, "because they value a steady paycheck rather than going through the learning

process of becoming financially smarter. The No. 1 thing people can do to increase their wealth is to start a part-time business."

Donald Trump, who joined Kiyosaki to co-author *Why We Want You to Be Rich*, put it this way: "Don't depend on anyone but yourself for providing financial security."

Entrepreneurs often point to the significant tax advantages of having your own business. But that isn't the only benefit.



Millions of Americans are embracing entrepreneurship by running their own small businesses, through independent contracting or direct selling.

With the introduction of more insurance programs tailored for small businesses and the self-employed, it's easier than ever to create your own benefits package to rival and even surpasses what the standard big corporation can offer.

"Everyone has heard the phrase, 'The American Dream.' I look at it as 'The American Reality,'" says Jeffrey Gitomer, best-selling author of the *Little Red Book of Selling* and the *Little Gold Book of YES! Attitude*. "When you're in business for yourself, you write your own history, you write your own success story, you write your own legacy and most important, you write your own paycheck. Being in business for yourself gives you the opportunity to work your heart out for something you love."

A Life of Greater Impact

Americans are realizing that their most valuable commodity is their time, and they want to spend it on the things that truly matter.

In the Decipher study, 84 percent of respondents said they would be more passionate about their work if they



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to retire. What's more, they don't want to. Dr. Mary Furlong, author of *Turning Silver into Gold*, says, "Boomers are looking for ways to give back. They are taking the reins of their own futures and redefining their lives. They want work that reflects their values and identity; they want to make a difference." A landmark study by MetLife Foundation and Civic Ventures found that 50 percent of Americans in their 50s and 60s want to do work "that matters."

Interestingly, the same is true of workers at the other end of the age spectrum, the millennials or "echo boom" generation, those born between 1975 and 1995. Eric Chester, author of *Generation Why?*, describes this generation as, "more than 60 million Americans rapidly entering the workforce with a whole new set of attitudes, values and beliefs." Rory Vaden, a successful entrepreneur at the age of 25, explains those new values: "We care more about having an impact on people's lives than we do about making millions. We love community service projects and we love to give money."

Christopher Gergen and Gregg Vanourek, co-authors of *Life Entrepreneurs*, say increasing numbers of people are seeking to "lead" life, rather than simply live it. "They develop a vision for the good life, devise a plan for how to attain it, go for it and check their progress along the way."

20's-30's
60,000,000

owned their own business. The No. 1 reason they gave for wanting to work for themselves: "to be more passionate about my work life."

Anita Campbell, *Small Business Trends* editor, says, "Being an entrepreneur means stretching yourself to new heights. At the end of the day, you will be driven by a desire to create something bigger than yourself. As an entrepreneur, you are driven to test and push yourself to see how far you can go."

Duncan MacPherson, agrees: "When you have a job it's easier to drift. You can't do that when you have your own company."

Mark Victor Hansen, author and co-founder of Chicken Soup for the Soul Enterprises, adds, "Intrinsically, everyone is an entrepreneur. An entrepreneur increases his or her self-worth, their value to their customers, clients, family and future. This is done by forever improving products, services and benefits to the end user."

David Bach, acclaimed author of *Smart Women Finish Rich* and *The Automatic Millionaire*, puts it this way: "Most of us aren't doing whatever it is we were put here to do, because we're living paycheck to paycheck. You can lease and loan your life—or buy and own your life." And millions of people are coming to the same conclusion.

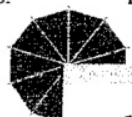
The nation's 78 million baby boomers are just starting to reach retirement age, yet they're realizing that they can't afford

78,000,000

Taking the Plunge

John entered the world of business ownership when his dependable corporate position crumbled beneath his feet.

Fortunately, starting your own business doesn't have to happen under such drastic circumstances. Most



"The No. 1 thing people can do to increase their wealth is to start a part-time business."

Robert Kiyosaki



5 Reasons to Fire Your Boss

1. You want to own your time and salary.

When you take a risk and strike out on your own you can design your own days and you won't hit a corporate ceiling. Your salary is limitless. Big wealth comes with big risk.

2. You want to live your passion.

It's that voice inside your head whispering to you about what you really want to be doing. When you love what you do, you do it well. Self-employed people are happier than people who go to work for someone else.

3. The corporate grind isn't for you.

Almost half of all Americans want to leave their current jobs and more than half would start over with an entirely different career if they could. As many as 72 percent of Americans dream of starting their own business, while 57 percent of Americans are passionate enough about a hobby to turn it into a business, according to a survey by Decipher for Intuit.

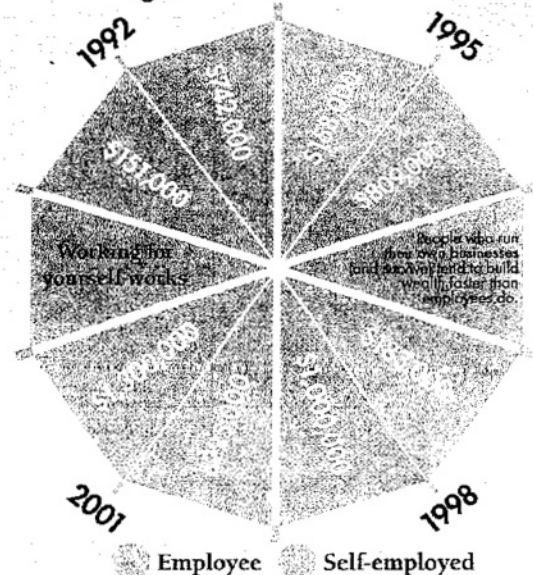
4. You want to work to your potential now rather than reaping the rewards years from now.

Gone are the days of working for the same company for 30-plus years for a meager pension, or even a layoff. Today's world is all about instant gratification. Working hard for yourself can offer instant reward and recognition. Don't wait until retirement to reap the benefits.

5. You want to get ahead in leaps and bounds rather than the standard 3 percent raises.

Working for yourself is the only true way to receive the benefits both financially and personally every step of the way. The difference in the average household net worth between the self-employed and the employed says it all.

Average household net worth



businesses are started part-time while their owners continue holding down conventional jobs. It makes more sense to make the transition from corporate employee to business owner on whatever schedule best fits your unique situation.

"Leaving the rat race is not as daunting as it may seem," says author Dan Clements in his guide to work-life balance, *Escape 101*. "You'll look back in later years and marvel at how easy it was and how much you gained for so little cost."

"The biggest risk we all face," Trump says, "is not moving forward with what we've learned."

Bob Proctor, author of *You Were Born Rich* and an entrepreneur for some 40 years, says, "Until people make the break and take the step to being in busi-

"Most new jobs won't come from our biggest employers. They will come from our smallest."

Ross Perot



Photo by Shelly Katz/Time Life Pictures/Getty Images

ness for themselves, they'll never fully appreciate the freedom that an entrepreneur enjoys. I determine where I'm going, what I'm doing, when I'll do it and how I'll live."

So what does it take? First, let's look at what it *doesn't* take. You don't need an MBA or high-powered business background, and you don't need to be rich or to take a second mortgage on your home. Some self-owned business opportunities require expertise, such as consulting, or can take significant capital investment and possibly training, such as real estate investing and franchises; some can be started on a shoestring and prove quite lucrative, including direct selling and online opportunities. Many of the greatest entrepreneurs of our time began with no advanced degrees and hardly any startup capital.



But make no mistake about it: What you save in cash capital you will make up for in sweat equity and passion. The major investment in most self-owned businesses is investment of one's self in the form of time, focus and persistence. You don't need to be a genius at negotiation or a whiz at numbers. You need a burning desire and determination fueled by a strong dose of passion.

"You have to love what you do. Without passion, great success is hard to come by."

Donald Trump



"You have to love what you do," Trump says in a recent interview. "Without passion, great success is hard to come by. As an entrepreneur, you'll have tough times if you aren't passionate about what you're doing."

Is it worth it? The number who answer Yes! is greater than 25 million—and growing fast. Mark LeBlanc, president of Small Business Success, puts it this way: "Being an entrepreneur is not only about financial freedom, but having the freedom to call my own shots and to make some mistakes and have to deal with those mistakes, learn through them, grow through them, and the freedom to enjoy success."

There are as many reasons for a self-owned business as there are people who build them. But the most important reason: This is where the future is going, and it's going there now.

Billionaire Ross Perot summed it up beautifully: "Most new jobs won't come from our biggest employers. They will come from our smallest. We've got to do everything we can to make entrepreneurial dreams a reality." ²⁵

David Mann is a business journalist and author, whose books include the new best seller, The Go-Giver: A Little Story about a Powerful Business Idea.

Business Is Booming

Direct Selling Offers Flexibility and Financial Freedom

by Erin Casey



If you want to spread your entrepreneurial wings but have little or no business experience, don't have a product or service to offer or are simply looking for a proven system for success, direct selling might be the ideal opportunity.

For more than 100 years, direct selling companies have offered independent representatives the ability to purchase products at wholesale prices and earn a profit by selling them at retail prices. Most direct selling companies also allow representatives to earn commissions for introducing new sales reps to the business. This business model relies on independent contractors, rather than traditional advertising, to spread the word about a company's products or services. The word-of-mouth marketing approach works for several reasons: Consumers appreciate the personal service, the convenience of shopping from home, and the comfort of buying from those they know and trust.

Jim Cramer, host of CNBC's *Mad Money*, is bullish on direct selling, especially during a slowing economy. "Direct selling is a great model... with high gross margins, low capital intensity, lots of free cash flow," he said on a recent show. "It's a fragmented industry with gigantic room for growth.... The top 15 players only account for about half the market."

Amy M. Robinson, Direct Selling Association Vice President of Communications and Media Relations, points out that, while many people seek additional income during lean economic times, "in all honesty, direct selling is hot because it's a fun, convenient way to shop that people enjoy. So, poor economic times or not, people find direct selling to be appealing. Great products,

personal service and income potential are elements of direct selling that make it a strong economic contender at all times.

"People motivated to get started in direct selling typically share certain attributes," she says. "Most seek supplemental income, either short-term or long-term. The social aspect also is appealing for those who love to meet new people and many enjoy buying products and services they already use—at a discount."

Direct selling is a \$32 billion industry in the United States and a \$110 billion industry worldwide.

With a direct selling business opportunity you can:

Join an industry where business is booming and there's always room at the top.

Direct selling, sometimes referred to as network marketing, is a \$32 billion industry in the United States and a \$110 billion industry worldwide. The millions of individuals building direct selling businesses determine for themselves when they want to move up the career ladder and exactly how high they want to climb.

Tap into a proven system for success. Avoid wasting time or money by learning from others' experiences

and wisdom. Direct selling companies often provide high-quality, high-impact marketing tools, including personal Web sites, brochures, catalogs, DVDs and CDs to help direct sellers present a professional image—at a fraction of what it would cost to produce the same tools on their own. Additionally, training in best practices is frequently offered online and via conference calls as well as at local and national conferences.

Start a business for \$500 or less. Direct selling companies offer big opportunity with minimal startup costs. For a small sign-up fee, new reps receive access to training and marketing materials, discounts on products and sample products to show and sell. You can set up office at your kitchen table with phone and laptop. Low overhead combined with minimal (if any) inventory expenses make direct selling businesses affordable. And because many companies handle online orders and deliver directly to customers, independent representatives can focus their time on connecting with potential clients and team members.

Experience flexibility and time freedom. The flexibility to work around full-time jobs or to create an income stream that fits into their families' schedules is a huge perk. Because



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DAILY
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