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Business is a Blast!



It's our goal to make StartupNation® the most resource-rich small business community in the world – a community built on courage, passion and the spirit of independence.

Rick & Jeff Sloan



SMALL BUSINESS BLAST | STARTUP SPOTLIGHT | OUR VIEWS ON THE NEWS | NEWSLETTER ARCHIVES

Now's the Time to Start Up!



PRINTER FRIENDLY VERSION

WORD ON THE STREET!

"As my grandfather once told me, 'If you love what you do, you'll never work a day in your life'."

-BRAD COURT

Founder of Push Skate Shop in Chicago and recent guest on StartupNation Radio

If you've read the paper or watched the news lately, you'd think that it is the worst possible time to start a business. *Au contraire!*

A closer look reveals that it's actually the best of times to put the open sign on your door. While everyone is moaning and groaning about a bad economy, we're not, and you shouldn't be either. There are far too many reasons why now is a great time to start and grow a business, and here are just a few.

Audio Summary
from the Sloan bros.
[click here](#)

Technology levels the playing field

The Internet and other communications technologies allow us little guys to essentially act like much bigger players and easily and efficiently market and sell to a global audience. You can do business with anyone, anywhere, at any time and have more control over the information that customers receive. Remember, when people surf the Web, they often don't look beyond your website to assess the credibility of your business. Your company size, location or age used to rule the day, but now the quality of your website can significantly influence perceptions and decisions. Don't let the crash-and-burn fate of the dot bombers fool you.

Technology is a game-changing resource, and it's here to stay.

Beyond the Internet, cellular communications, mobile emailing, a slew of highly efficient software solutions all add up to a big plus



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for small business. Corporate workers-turned-entrepreneurs, enterprising homemakers, ex-retirees, and college students are using it to their advantage to start their own successful businesses, and you can too.

Outsourcing from *and* to

This sweeping trend bears great opportunity for small businesses.

Outsourcing is when you contract with third party service vendors to provide business functions for your company instead of conducting those functions in-house.

Outsourcing *from* your business

One thing we always talk about is focus. It's a discipline that can mean the difference between success and failure, especially in small businesses where resources are typically scarce. To aid you in focusing on your core capabilities the aspects of your business that are unique and strategic today you can take advantage of numerous service providers that allow you to outsource non-core functions such as logistics, accounting, IT services, payroll, public relations and more. It really helps you keep your eye on the ball! But here's a word for the wise. Since you can't just walk down the hall to oversee the quality and timeliness of outsourced work, be sure you continue to tightly manage whatever functions you outsource. Arrange for regular reporting to ensure accountability and effectiveness.

Outsourcing *to* your business

The rigors of this economy are forcing corporate America to shed non-core functions. After all, corporations must find ways to maximize profitability, and with revenue down, they are forced to reduce their expenses. Outsourcing allows big companies to move fixed costs to the variable side. In essence, they pay for the outsourced functions only when they need them. This represents a trove of opportunity for your business. You can develop an entire business model centered on providing services that used to be in-house at big companies.

People, equipment, facilities are more affordable

For a few years, it was hard to find good people and even harder to afford them! But did you know that today, according to a recent study by the Economic Policy Institute (EPI), we are experiencing an unprecedented white-collar unemployment rate a whopping 20.1% of the total unemployed population. With the economy sputtering along as it is, there are more qualified people roaming the streets looking for work than there have been in a long time. It's a complete flip-flop from the dotcom era. The same

I'm raising money from some investors but they want way too much equity.

Ah, yes, a classic knee-jerk reaction to the ambitions of those greedy investors. But take heed! When you're creating a company, remember that your equity is a form of currency. Leaving the subject of control and governance aside for a moment, what is really more important the value of your equity or the quantity of your equity?

To demonstrate the answer to this question, we always say, would you rather have 10% of a watermelon or 90% of a grape? In other words, would you rather own 10% of General Electric or 90% of Henry's Electric Generator and Appliance Company? Unless we're missing something about Henry's Electric, the answer is clear!

Here's what we recommend: Think soberly about your goals and the net impact of providing significant equity in exchange for significant money and the value that money stands to create for your business. With the right financing, you might just have a big, juicy watermelon on your hands!

applies to office space. For Lease signs are posted everywhere. Landlords are scrambling for tenants. It's a buyer's market and this puts you in the driver's seat when negotiating your lease. Lastly, the new federal tax plans allow small businesses to claim a higher deduction for new equipment expenses. So what does all of this mean? You can hire better people, locate in nicer facilities, and utilize equipment **LESS EXPENSIVELY** than during the booming late 90's.

Job security is at an all time low

Did you know that the average life of a corporate job for workers between the ages of 25 and 36 is now at an all time low of 2.7 years? And about that cushy retirement you might have heard your dad talk about? Well, it may not be the sure thing you expected - put the recent corporate ethics debacles aside, and still, anytime a higher-up is responsible for making decisions about your career, your future is more in someone else's control than in your own. Don't know about you, but that's not our idea of security. Take control of your future by starting up your business and putting job security in your own hands.

There's less high-tech competition

In the aftermath of the dotcom era, we're finding that there are actually fewer online and high-tech businesses vying for the same customers. Don't get us wrong - we're not saying you can just waltz into a deal without having to fight for it. But the fact is, only the fittest enterprises of the late 90's survived. The Darwinian competition was so intense during that business cycle that you couldn't even get a prospective customer's attention. These days, though, you can get people's attention, get in the door, and maybe strike a business deal. It might be a smaller deal than you'd like, but if you want our advice, we say, grab market share now! Things are going to heat up in the months to come and it won't be this easy to make your business pitch when the competition has grown strong again.

Companies must adhere to fundamentals

In this tough economy, you have to generate revenue and cash flow through a solid business plan. It's no longer the 90's era when you had venture capitalists pouring money into your company even if you didn't have the fundamentals in place. As we say on StartupNation® Radio, *don't buy into your own hype*. This economy forces you to be disciplined but in a very healthy way; you must do things the most inexpensive, efficient and effective way possible. It makes you try harder and really commit yourself to your business. Companies built on this kind of culture

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Hitch Your Wagon to a Star!

For those of you looking to reduce risk and grow your business faster, consider forging a strategic partnership with a complementary business or even a competitor that has proven momentum. Unlike in a merger where the equity is exchanged, a strategic partnership is a cooperative agreement where each company remains independent yet works together to achieve a specific purpose.

are the ones that have a more secure, long-term future a stark contrast to the destiny of those here today, gone tomorrow (or maybe more accurately, here yesterday, gone today) high-flyers born in the dotcom era.

Play the business cycle to your advantage

As you can see, we feel very strongly about the many opportunities that exist in today s economy. Some of our fellow entrepreneurs are already seizing the day. According to the Small Business Administration, new small businesses increased by approximately 2.7 percent in 2002. But if all the reasons we ve provided here still don t compel you, then consider this: Some of the nation s fastest growing businesses were launched during downturns in the economy, just ahead of growth spurts like Microsoft, for example and were poised for significant benefit when the volume of commerce revved up.

One thing you can be sure of is that business goes in cycles. The companies that establish themselves with valuable, streamlined products and services and strong customer relationships in a down economy are in prime position once the economy kicks back into gear.

So, don t delay. If you ve been thinking about pursuing that great business idea, now s the time to *start it up!*

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**STARTUP
SPOTLIGHT**

Want to get inspired?

There's an endless array of business ideas just waiting to be thought up and pursued! Check out one that's already on its way.

Strategic partnerships can be instrumental to the success of your business, but there are a few things we recommend:

1. Be sure both parties mutually benefit from the partnership and avoid lopsided dependency
2. Conduct due diligence on the proposed partner before making a deal
3. Thoroughly check into the reputation of the proposed partner
4. Ensure that the culture, ethics and objectives of the partner are similar to yours
5. Make sure you can exit from the relationship if it is not working out as planned

Whether you want to gain local or global market share, listen to the wise words of Ralph Waldo Emerson and Hitch Your Wagon to a Star. Strategic partnering may be just what your business needs in order to reduce risk and grow faster.

**Stay tuned for more
Small Business Blasts!**

Send To A 
Friend!

Company Name: FreshDirect

Founders: Joseph Fedele and Jason Ackerman

Number of Employees: 540

Business Angle: Grocery delivery, but with a better product at a better price door-to-door

Motto: It s all about the food!



Joe Fedele pictured above

Stage: Let s call it fresh . We cover the Manhattan marketplace, and are currently expanding through the metropolitan area into other boroughs and suburbs.

When and why did you start up? 1999. We wanted to create the most consumer-centric food operation in the industry and offer it at a higher quality and a much better price.

Where did you come up with the name? We thought that the name should be descriptive - bringing the best food direct from us to the consumer s door without the middleman.

How did you get funding? Jason was head of a private equity firm, Crown Capital. He and I provided the seed money ourselves.

Definition of success: When people across the U.S. can access better food at a better price, and when there is a tremendous return on both monetary and sweat equity.

Companies you admire: Dell and Wal-Mart

Advice to other startups: Plan properly! Never skimp on planning. Beyond that, intelligence, fortitude and perseverance should never be underestimated.

Future plans: To grow intelligently, and in that manner conquer as many markets as we can.

What is the movie of your life going to be called?
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THE JOBLESS RECOVERY AND SMALL BUSINESS

Consumer and business spending is on the upswing and back-to-school shoppers are strengthening retailer cash flow. However, a jobless recovery is going on, and the number of employed people has fallen by more than 1 million since the fall of 2001 when the economic recovery supposedly began. In fact, the most recent employment report shows that the economy has lost jobs for six straight months.

This is truly disheartening news for the millions of job seekers out there, but in the small business world, there is hope. According to the Index of Small Business Optimism by the National Federation of Independent Business Research (NFIB), small business owners are optimistic their sales will increase, the economy will improve and that it's time to grow. In fact, the study reports that a net 48 percent of all small-business owners expect the economy to get better by December, and this is one of the highest readings since the surveys began in 1986.

When these results indicate economic improvement, expansion usually follows. Every economic episode has its unique characteristics, but this indicator appears to be quite reliable, states William Dunkelberg, NFIB's chief economist and an occasional guest on StartupNation Radio. This Index component has reliably anticipated every period of growth since the 1974-1975 recession period. It is certainly sending a strong signal now.

While a recovery may be on the horizon, there are some things you

can do now to help your company grow and prepare. Because of current circumstances, you can find highly skilled and experienced people that you might not have been able to hire previously due to budget constraints. Use this time and these top-level people to grow your company. Then, when the economy recovers, you'll be in a better position to compete and be able to increase salaries for both established and new top performers.

This jobless recovery will not last forever, and small businesses can be an important part of turning it around. In fact, the SBA reports that small businesses are responsible for generating 60-80% of the net new jobs annually. By giving an experienced job seeker out there a position at your company, you'll not only be helping that person and the economy, you'll also be growing your business cost-effectively a win-win business situation for all.

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What Interests You?

As we see it, if you are a success, we are a success!

In order to ensure that we're keeping you razor sharp in your small business endeavors, we need to know what's important and of interest to you.

So share your questions and comments below and we'll make sure to address them in the near future.

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