

Are You Destined to become an Entrepreneur?

Financial tips for starting your own business

by Kathryn Amenta, Financial Advisor

Are you being forced into early retirement? A layoff in the latest wave of downsizing? Or, having retired as planned, are you now asking, "what's next?"

As a woman over 50, never before have you had so many options. You're more vibrant and professionally resourceful than your mother's generation, with years of experience, wisdom, loyalty, attitude and flexibility that corporate America increasingly values. According to a *NY Times* article (2/8/03), "people over ages 55-64 make up 12% of the nation's workers, compared to 10.2% in 2000. The *Christian Science Monitor* reported (1/4/06) that "12% of women over 65 are in the workforce."

The reasons that women over 50 decide not to fold up their career tents are as varied as the women themselves. Financially, you may still be dependent on an income, need healthcare benefits, wish to fund a family member's education or your own future. Personally, you may still relish the stimulation of working with others, the workplace structure, and the ability to network and stay connected. Work may be your outlet for creativity and productivity, your intellectual challenge, a source for your identity and prestige, or your opportunity to give back to society.

Whether necessity or nurturing sends you seeking employment, you face many of the same challenges that younger workers encounter today. In general, it takes longer to find an opening and land a job if you are highly skilled and at the top of the pay scale. If you are unskilled, you will likely encounter fewer options that meet your economic needs and that are personally fulfilling.

Another option that you may want to consider is starting your own business. If the possibility seems daunting, just pause a moment and take stock of all your experience, connections, insights and fortitude. You may find that you are primed to take on an entrepreneurial role in your life. Years of business experience have likely given you a wealth of industry-specific knowledge. You've probably observed the ingredients to success and the road to failure. You can distinguish the plumbs from the pitfalls. So, if you have the passion and the energy for a specific business goal, with a little guidance, you may have the right stuff to launch your own business.

In starting your own business, you will have good company—and you can certainly be as successful as your male counterpart! As reported in the 6/06

WashingtonWomen.com. “According to a recent *USA Today* story, the increase in older workers who are becoming entrepreneurs has risen by 23%”. . . In the last decade, women have been opening their own businesses at 2X the rate of men and their success rate is as good, if not better.”

The decision to start your own business may bring your first introduction to financial and legal issues that were not part of your landscape when you worked for someone else. You will need to do your overall due diligence. If you are not seeking bank funding or investors, you will not need to produce a full blown **business plan**, but you will need to do some business planning none the less. You will need to do your financial feasibility, determine your start-up costs and the source of those funds, understand your market and the issues specific to your business, understand the unique qualities and value you will bring your customers and some specific issues you may encounter. These are only some of the key areas that require forethought and analysis—and, like most entrepreneurs, it is unlikely you have expertise in all of them. It behooves you to enlist the services of professionals and look to trusted advisors to assist you in navigating the exigencies of starting a business.

You may also find that the lines between personal and business finances can become easily blurred. For these reasons and many others, it is essential that you formally assess the financial feasibility of starting your own business. Establish realistic income projections and assess how you will manage payables (including your salary) and growth based on those projections. Once you have determined the initial financial feasibility, you must create an **ongoing business spending plan**. Remember that the business must first support itself before it can support your lifestyle—particularly as the business is ramping up in the first year. Gather trusted advisors and ask for assistance. Realize there are no guarantees you will gain a return on your investment or income on the schedule you've projected. Consider your options wisely and then finalize your plan.

Starting a business calls for shifting our priorities—on a personal level as well as business level. That's why it is crucial that you look at the lifestyle you have been enjoying and determine if the income you draw from the business will give you the means to maintain it, short-term and long-term.

You will need to develop a personal spending plan based on the income you can realistically draw from the business. Assess your personal money habits. The way you've spent your money, saved, incurred and repaid debt, balanced true needs with desires was right for a particular phase in your life. Is it right for who you are now? Evaluate your lifestyle habits, look for alternatives that ring true for you now and find the satisfaction of living within your new means with your new goals in mind. Your personal spending plan should include regular monthly expenses, current debt service, and your periodic expenses that occur predictably but not monthly. Remember, there are no guarantees you will derive

income on the schedule you've projected, so be prepared by setting aside a prudent money reserve for low income periods.

Once you've completed your business plan and **personal spending plan**, you can determine if you will need funding to capitalize your business. Each person's circumstances will vary, but be prudent when borrowing and don't use credit cards or retirement funds to finance your business. You must carefully protect your assets, particularly if you are funding your own retirement. It is unwise to count on your children or others to care for you in your old age. Don't imagine that magically, somehow, "it will all work out." This is not the time in your life to bet the farm.

In addition to finances, starting a business requires a huge investment of time and energy. Carefully consider whether you are willing and able to put forth what is needed financially, physically, emotionally and spiritually at this phase in your life. It is not a defeat to realize in your heart-of-hearts that this is not the right step for you. It can only be a defeat if you do not live up to who you truly are. You may also choose to start a part-time business that will require less of your time and bring more balance to your life. Listen to your inner wisdom about the time you are willing to put forth.

Whether you decide to start your own business (full or part-time), seek employment or retire from the workforce entirely, this is an exciting time that offers you the opportunity to significantly contribute to your family, your community, the world of business and to yourself. Choose wisely how you will invest yourself into your future. Know that the old stereotypes about retirement and women in business are no longer relevant. Become the woman you know you are destined to be!

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*Kathryn Amenta, financial advisor, works with individuals, couples and business owners in solving their financial issues **from the inside out**. In a safe environment, she guides clients in uncovering the behaviors and beliefs at the core of their financial situation. To replace self-limiting behaviors with powerful money management tools. And to create the financial future they desire. Visit www.KathrynAmenta.com*

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