

N

aja Hayward formulated a sound plan that would easily transition her from working full time at an educational nonprofit to running her organic tea distribution company. She thoroughly researched her industry, was building a nest egg to sustain the business for the first two years and

had planned a graceful exit from her job.

But Hayward's employer threw a monkey wrench into her plan when she was let go in January 2008. Just a year into the planning stages and in the midst of a recession, Hayward didn't mourn her job loss. The 36-year-old single mother quickly switched hats from employee to entrepreneur, and Naja Tea was born. "Even though I had started this concept, I was definitely thrown into entrepreneurship a little sooner than I was prepared for," recalls Hayward, who spent \$25,000 of her savings and six months working from home to create, package and market her organic tea line.

Nearly two years later, Long Beach, California-based Naja Tea is sold in 50 stores and restaurants and was even the tea of choice

on the set of "Dancing with the Stars." Hayward has a growing clientele and three employees and is able to pay herself a modest salary; she projects Naja Tea will turn a profit this year. She is a part of a growing trend of women who are determined to become their own boss.

"Over the last five years or so, one of the largest growing markets is specific to women-owned businesses," says Jack Bienko, deputy director for entrepreneur education at the U.S. Small Business Administration. "Over the past two years we've seen an increase in women seeking assistance [to start their own business]."

A weakened economy may appear to be the worst time to hang out your shingle, but experts say there are some definite benefits to doing so. Rental rates tend to be cheaper, and the availability of talented people willing to work for less are among the pluses. On the downside, lender financing is harder to obtain, fewer investors may be available and potential customers may hold onto their money.

"It's a great time to start a business if you follow business basics and find a niche market that is or can be profitable," says Gregory Henley, Ph.D., director at the Herman J. Russell Sr. International Center for Entrepreneurship at Georgia State University.

It's been said that new companies are the engines of job creation and eventual economic recovery. Companies that are one to

Starting a Biz in a *Bad* Economy



*Know the Market,
Know Your Customers and
See Your Way to Success*

By AISHA JEFFERSON

five years old were responsible for the creation of nearly 8 million of the 12 million new jobs in 2007, according to the Kauffman Foundation study "Where Will the Jobs Come From?"

"In short, entrepreneurship will provide us with new economic growth, job creation and countless new innovations that will keep us competitive in the long run," says Chad Moutray, chief economist with the Small Business Administration.

The SBA outlines five creative ways to start a new business in a turbulent economy that include purchasing an undervalued existing business; exchanging salary for equity position in a business; creating a virtual office to help reduce overhead costs; establishing alternative and innovative means to obtain capital; and seeking outside counseling before starting your new business.

Know Before You Go

Sure, it's a good time to start a business, but generally seven out of 10 new employer firms last at least two years and about half survive five years, Moutray points out. So unless you find yourself suddenly laid-off or fired, Henley stresses that it's best to keep your current job until your business produces substantial and consistent cash flow.

Falling in love with an idea and not getting a subjective evaluation, not fully understanding a business' customer base, overestimating revenues and underestimating expenses are among some of the mistakes Henley says should be avoided when starting a business.

When identifying their business, Henley says aspiring entrepreneurs need to ask some very honest questions, such as why anyone would purchase their product or service, who the competitors are, what strengths they have, why this is the right time to launch the business, and who are and how will they reach customers. "Since most businesses take between 6 months and 3 years to become profitable, many who are employed continue to work on their job while working on the business on the side," he says.

Abandoning her full-time TV producer job to launch her educational children's DVD set wasn't an option for Candi Carter, a married mother of a 1-year-old daughter and 6-year-old son. Carter, 41, says working full-time while operating her business, *It's Hip Hop, Baby!*, allows her to keep her employment benefits, a steady paycheck, the opportunity to transition to full-time entrepreneur and peace of mind. Carter isn't delusional; she will be the first to tell you that juggling the two can be overwhelming and requires discipline.

"Motivation and organization are key. If you're motivated enough to do it, you're going to do it," says Carter, who launched Chicago-based *It's Hip Hop, Baby!* in 2006 after discovering her developmentally challenged son responded well to learning

the ABCs while she was beat-boxing. "People think they don't have time to do it, but they have so much time in the day. Organize your time."

This entrepreneur follows her own advice. Though she works in television, Carter doesn't spend her free time watching a lot of it. She keeps herself and her children on a schedule, taking advantage of the hours before work to exercise, grocery shop, prepare dinner, return phone calls and even schedule 8 a.m. meetings at a nearby coffee shop before heading to work around 9:30 a.m. "I get

Continued on page 71

Eating It Up

A mistake was the inspiration behind **Cupcake Collection**, the small Nashville home-based business that's thriving in spite of the recession. "I have these awesome little girls who could bake," says Mignon Francois, the brainchild behind the company, who admits she couldn't bake before starting the business. But her daughter's baking mishap while making a birthday cake led to the company's signature cupcake: the wedding cake.

Since opening in 2008, Cupcake Collection, with baked-from-scratch, original-recipe cupcakes, has won the Taste of Nashville and Taste of Music City culinary awards. Folks line up, especially on Fridays, to get their cupcake fix. Business couldn't be better.

Booming, however, is not what the Francois family was doing the Sunday the business opened. "We were supposed to lose our house to foreclosure on Wednesday," Francois says. "I said, 'if God is who he says he is, and I believe he is, we'll be able to make our mortgage on Wednesday.'"

The electricity was only minutes

The whole family gets in on the act.

Francois Family from dion photography



from being disconnected that Sunday morning, too. When the Francoises explained that they needed their power to make a go of the cupcake business, the service technician gave them 30 minutes to raise money while he took an early lunch break. The cupcakes—including a sweet lemonade one customers have dubbed "lemon crack"—kept the power on; within 15 minutes of opening, they'd sold enough of the tasty treats (retail: \$1.50) to pay the bill. And make their mortgage.

"We've paid our mortgage on time ever since," Francois says. "We opened this business in this economy. We couldn't get a loan. How could we? We were losing our house! We opened with a KitchenAid mixer, a dorm-size refrigerator and a whole lot of determination. Every cupcake we sold, we bought something for the business with it. I'd always heard people say, 'I'm debt free.' I wanted to be one of those people."

Now the Cupcake Collection—run by Mom and Dad Francois and their six children—appears to have the recipe for success. And Francois' dream of being debt free has come true.

—Kendra Lee

Continued from page 55

a lot in, in four hours,” says Carter, who also relies on iPhone to help manage her schedule. “A smart phone is one of the biggest and best investments you can make.” She spends her evenings with her family, responding to e-mails and maybe attending a few social gatherings.

Since initially investing about \$50,000 to produce her first DVD and pay attorney and trademark fees, Carter released her full product line last March, selling about 7,500 DVDs within the first eight months and bringing in about \$60,000. She also hired college interns to help establish her social media presence on the It's Hip Hop, Baby! blog, Twitter and Facebook, which proved successful in growing her customer base of moms.

Tailor-Made Success

Paying attention to their customer base and nurturing relationships proved helpful to the three owners of Philadelphia-based Totally Posh Boutique, a clothing company. Despite initial favorable projections before opening in November 2007, the boutique saw a sharp decline in sales as the recession deepened. Its owners—twin sisters Kia Wongus and Tania Toomer, 33, and friend Vanessa Hall, 26—understood the gamble they took and continued to work while operating the boutique, but were surprised at the dramatic decrease in foot traffic.

“As we began to speak with our clients, we soon realized many had been laid off or had increasing life bills” and desired a shopping experience that could take their minds off of their frustrations, Wongus explains.

“The key to our sustainability has been our ability to offer our client an experience that they will not find anywhere else,” she says, adding that Totally Posh Boutique began offering traveling trunk shows, private in-store parties and women-only events to help pique customers’ interest. “During our events we play games, give trend reports, offer massage services and provide complimentary signature Posh-tini and other cocktails and hors d’oeuvres.”

In addition to learning what clients need and understanding market trends, entrepreneurial wannabes should take advantage of financial opportunities. The

SBA offers a variety of services, including one-on-one counseling, which are free. Nationally, there are 115 SBA women’s business centers providing various resources such as business training and counseling to help women start and grow successful businesses. Other resources include 900 Small Business Development Centers, 11,000 retired executives and business people who now mentor new entrepreneurs through the nonprofit SCORE and start-up grant information

available at grant.gov. Several lending institutions offer a number of SBA-guaranteed loan programs to assist small business.

Although Hayward provided 100 percent of the financing for her company, she did take advantage of the SBA counseling services. “I utilized every free resource out there,” she says. ♥

Aisha Jefferson is an Atlanta-based freelancer who frequently writes about money matters.



Shape your body and reduce sizes.

This garment is designed so you can truly reshape your lower body. It allows you to redistribute some of your irregularities to a more desirable area.

Functions

- Lifts the buttocks.
- Corrects posture and sharpens overall figure.
- Smooths the irregularities and helps prevent additional deposits.

For more information on this and many other great products visit

ArdyeeLife.com or call
1-800-834-8813 ext. 120

**Enthusiastic Distributors
Wanted!**