



Making the Transition to

Business Ownership



THE ALTERNATIVE BOARD
Shared Wisdom, Bottom Line Success



MAKING THE TRANSITION TO BUSINESS OWNERSHIP

Motivation for Change

Gallup has asked over 1.7 million employees to respond to the following statement:

At work I have the opportunity to do what I do best every day.

Only 20% of respondents strongly agree with this statement. That means that 80% of employees are doing tasks that they aren't particularly well suited for every day.

There is a better way.

Does this sound familiar to you?

- You've worked in business for a very long time.
- You've accomplished a lot and have built a wealth of business expertise.
- You have a lot to offer. And even if you might not realize it, you probably have a lot to offer small business owners.
- You've been working for someone else for a very long time, and either:

You suddenly find yourself out of a job.

OR

You've had this nagging thought in the back of your mind that you want to see what you can do on your own...and maybe now is the time to act.

One Option is to Get Another Job

Depending on your profile, getting another job might be the best next step.

☑ Business ownership is not for everyone.

But, if you do decide to make the plunge, business ownership offers:

☑ Control of your destiny

☑ Potential to have a greater impact than you can as an employee



Pros and Con of Business Ownership

Some people are enthralled at the possibility of running their own business. Others are scared. Owning a business has both pros and cons.

PROS

- ✓ Independence
- ✓ Financial rewards
- ✓ Flexibility and control
- ✓ Learning opportunities
- ✓ Creative freedom
- ✓ Personal satisfaction

CONS

- ✓ Financial risk
- ✓ Stress
- ✓ Time commitment
- ✓ Undesirable duties!
- ✓ On your own
- ✓ Competition

Do You Fit the Business Owner Profile?

Given that there are pros and cons to business ownership, how do you assess if it is right for you? A good starting point is to formally assess yourself to understand your behavioral style and your motivators.

In the DISC model, **your behavioral style** will identify primary characteristics such as whether you are a **high Dominant style**, a **high Compliant style**, etc. If you sometimes feel stressed with certain work activities, it is likely that your behavioral style is not a good fit for your work activities.

The other part of the assessment is to understand **what motivates you**. Individuals that are **utilitarian** and **individualistic** tend to be more suited to business ownership. Have you often felt that your managers don't know what they're doing and you could do it better? This is a common belief by individuals suited for business ownership. They see themselves as **Freedom Fighters**.

There is no single behavioral style or motivator profile that makes a successful business owner. As Socrates advises, "know thyself". A formal assessment is a good starting point. If you've not been profiled, [contact us](#) and we'll take you through this process.

Entrepreneurs Are Not Just Young and Techie: Experience Matters

Individuals like Mark Zuckerberg have created the perception that entrepreneurs are young and techie. The Harvard Business Review article "*Entrepreneurs Get Better With Age*" cited research to the contrary from Duke University:

"The average age of a successful entrepreneur in high-growth industries such as computers, health care, and aerospace is 40. Twice as many successful entrepreneurs are over 50 as under 25.

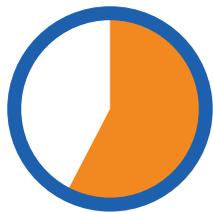
The vast majority — 75 percent — have more than six years of industry experience and half have more than 10 years when they create their startup."

New Businesses Are Critical to Economic Growth

According to the US Small Business Administration, small firms accounted for **64 percent of the net new jobs** created between 1993 and 2011. Starting a business is not just valuable to the owner. Leveraging the experience that you've acquired to build something new creates jobs for other people. Individuals that have the courage to start a business create a positive ripple effect on the economy.

Role of Small Businesses in the U.S.

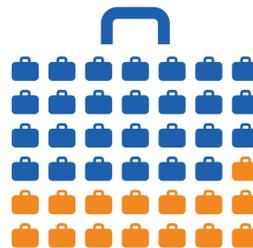
www.creditdonkey.com



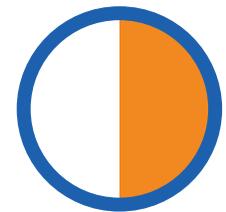
Pays 44% of U.S. private payroll



Employs 50%+ of all private sector employees



Generated 64% of new jobs within a 15-year period



Creates 50%+ of non-farm private GDP

Business Ownership Options

If you conclude that business ownership is for you, three options are available:

- 1 Start a brand new business from scratch
- 2 Purchase an established business
- 3 Purchase and own a franchise

Keys to Success With Any Business

Having worked with over 15,000 business owners for 25 years, we know what it takes to successfully run any kind of business:

- ✓ The owner has a passion for the business area
- ✓ The product or service that the business offers fills a need that customers have
- ✓ The business has a significant differentiator from the competition
- ✓ The business has a diversity of customers
- ✓ Customers are surveyed regularly and have a high Net Promoter Score^{®1}

Other attributes of successful businesses include:

- ✓ The business is not tied just to the business owner – the business can run without the owner
- ✓ The business operates using Key Performance Indicators
- ✓ A standard process has been created for how the business is run and the service is delivered
- ✓ The business uses a Subscription Model for predictable monthly income



¹See “Built to Sell” from John Warrillow

Caution: Do Not Become Self-Employed

One thing to be careful of in starting a business is that you are not simply creating another job for yourself. As Joe Zente explains in his blog, business ownership is significantly different than being self-employed.

CONS

- ✓ Your business cannot run or sustain without you
- ✓ You are likely the chief cook and bottle washer
- ✓ You are tethered to working IN the business
- ✓ You spend a good percentage of your time putting out fires
- ✓ You are seeking survival and hoping that you will achieve sales/profit goals
- ✓ If you happen to a vacation, it consists of emails, office check-in and texts
- ✓ The business is virtually worthless without you

The business owns you.

PROS

- ✓ The business runs equally well with or without you
- ✓ You have the freedom to work if and when you wish to work
- ✓ You typically work ON, versus IN, your business
- ✓ Your company plans its work and works its plan
- ✓ Your sales and marketing processes deliver consistent, predictable sales
- ✓ You vacation often and peacefully go off-the-grid to recharge and refresh
- ✓ Your business has tangible, intrinsic value with or without you

You own the business.

Should You Start a Consulting Business?

This is the first tendency that an executive has once he finds himself or herself out of a job. Starting a consulting business is easy to do. And that's the problem...**anyone can do it**. Sure, you might have the skills and experience to be an elite consultant. But a prospect has a difficult time distinguishing between an exceptional consultant and everyone else out there. It's difficult to rise above the pack.

Consulting businesses also have other structural flaws:

- ☑ All consultants experience the feast or famine model. When they have a project, they are getting high rates. They often have to turn opportunities down when they are engaged. When they are free, their clients aren't always ready to engage them.
- ☑ A consulting business is completely dependent on the individual consultant. **No equity is being built**. It is all based on the knowledge of the consultants.
- ☑ Consulting start-ups have a difficult time **competing against the larger consulting companies**. No one ever got fired for hiring McKinsey. It's tough for a start-up to get noticed.



As attractive as it might be to start your own business from scratch, according to the Small Business Administration's Office of Advocacy:

“About half of all new establishments survive five years or more and about one third survive 10 years or more.”

Buy An Existing Business?

The next option is to purchase an existing business. You may consider purchasing a products business related to your field of expertise. Often, transitioning executives look to services businesses and specifically consulting businesses.

Consulting businesses are built around the owner(s) and their knowledge and relationships. If you look to purchase a consultancy business, what are you really buying? Without the existing owners, there really is no other equity that the business offers.

If you decide to purchase an existing consulting business, consider:

- ✓ Variety of clients
- ✓ Niche area of expertise
- ✓ Transition period with existing owner — to retain value

Another Alternative: Franchising

The third business ownership alternative is franchising. While franchising is often associated with fast food and haircuts, **the largest growth franchise sector for new establishments is Business Services.**

Franchise Business Economic Outlook by Business Lines: 2014

BUSINESS LINES	ESTABLISHMENTS		EMPLOYMENT		OUTPUT (\$ BILLIONS)	
	Amount	Percent change over prior year	Amount	Percent change over prior year	Amount	Percent change over prior year
Automotive	30,923	1.2%	184,731	1.3%	40.23	3.9%
Business Services	96,201	2.8%	959,024	3.8%	154.67	5.0%
Commercial & Residential Services	63,287	2.4%	366,523	3.1%	54.67	4.6%
Lodging	26,403	1.8%	720,560	2.0%	82.47	5.0%
Personal Services	111,370	1.9%	670,908	1.9%	91.41	3.7%
Quick Service Restaurants	155,571	1.4%	3,225,448	2.4%	220.14	5.2%
Real Estate	89,528	2.0%	315,796	2.2%	52.49	5.5%
Retail Food	61,629	0.7%	493,965	1.2%	40.32	3.6%
Retail Products & Services	98,475	1.2%	496,673	1.5%	40.72	4.0%
Table/Full Service Restaurants	36,981	1.1%	1,076,835	2.1%	61.53	3.9%
TOTAL	770,368	1.7%	8,510,463	2.3%	839	4.7%

IHS Global Insight



Why Consider a Franchise Model?

The main reason to purchase a franchise over starting your own business is the superior success rate of franchise businesses. There are other benefits as well.

- ☑ A higher success rate of franchise systems vs. start-up.
- ☑ The strong brand of a franchise system pre-sells the product or service.
- ☑ The training and support programs help new franchisees start quickly.
- ☑ Franchisees are part of a community that support each other.
- ☑ Many franchise systems allow for autonomy within a proven framework.

Leveraging Your Business Expertise

Perhaps you are starting to think about making the plunge into business ownership. You are probably also thinking about taking a look at franchise model alternatives. The best option for you may be to find a franchise system that leverages your greatest asset: **the business expertise that you have accumulated in your career.**

The Business Owner Advisory Franchise Model

The concept of Mastermind groups for business owners has been around since Napoleon Hill established the concept in the 1930s. The model is built on three simple premises:

- 1 If two heads are better than one, eight heads are that much more powerful.**
- 2 Only business owners really understand the complexity of issues other owners face.**
- 3 The issue one business owner is facing today has been solved by another owner previously.**

Business Owner Advisory Boards work as follows:

- ☑ It's a membership model
- ☑ Board members are business owners
- ☑ Peer boards advise members on their businesses
- ☑ It's like a Board of Directors
- ☑ Unlike other alternatives, the advice is completely objective

TAB Members provide a Net Promoter Score® of 8.8 out of 10. They get real value.

The Business Owner's Role

The owner of a Business Owner Advisory Board Franchise Model becomes the Facilitator of the board. Facilitation is key. Consultants are expected to have all the answers. Facilitators instead work with the board members to tap into their collective wisdom to identify the best solutions to member issues and opportunities.

- ☑ Facilitate Monthly Business Owner Advisory Boards
- ☑ Conduct Private Business Coaching Sessions with Members each month
- ☑ Utilize Proprietary Business Tools to analyze Member businesses and develop strategic business plans
- ☑ Become Trusted Advisors of members – leading to additional consulting opportunities



*"I am a change agent.
I like to instigate change and
make it happen quickly."*

Blair Koch, TAB Business Owner

Income Opportunity

The thing TAB Facilitators love most about owning a TAB business is the satisfaction they get helping private business owners. They help them improve their businesses and their lives. For example, they identify strategies for Members to focus on the areas that they enjoy most in their business and help them create a balance between work and family.

But, TAB Facilitators also like making a good income. The TAB model provides a significant and flexible opportunity to make a good income:

- ☑ It is a **Subscription Model** based on the monthly membership dues.
- ☑ The monthly predictable income provides a reliable monthly income, unlike the "feast or famine" model which is common with consulting.
- ☑ Facilitators become the Trusted Advisor of their Members. When a Member needs help, they turn to their facilitator. A significant additional income opportunity exists.
- ☑ Because this is a franchise with a proven business model, TAB business owners are able to realize a significant return on their initial investment.

Unlike a consulting business, the TAB business ownership opportunity is not built around the knowledge and relationships of the business owner. Because the TAB Board Members receive value from their peers, the boards can continue to thrive with another facilitator. Moreover, the TAB model allows for the TAB Business Owner to hire other facilitators, which provides a scalable model for income growth. A TAB business develops performing assets which can be quite valuable when the owner decides to sell.

What Does the Franchise System Offer?

While you may think that this model sounds great and you can go it alone, an independent business faces the same challenges and failure rates outlined previously. The franchise system offers:

- ☑ Step-by-step service delivery processes
- ☑ Training and support – both at the time of launch and ongoing
- ☑ A proven marketing process for launching the business and continuing to grow
- ☑ A supportive and talented community of elite business owners
- ☑ Proprietary business analysis and strategic planning tools

Business ownership – as opposed to employment or self-employment – offers significant flexibility and control. See the following schedule from a real TAB Business Owner:

WEEK IN THE LIFE OF A FRANCHISE OWNER – DAVID MCCARTNEY

David has 27 members and hosts four board meetings a month. His days consist of either board meetings, coaching sessions, prospect meetings or business development activities which means lots of variety!

Monday	Tuesday	Wednesday	
6am	6am	6am	
7am	7am	7am	
8am	8am - 9am Breakfast/Networking Event	8am	8am - 8:30am Board Meeting Prep
9am		9am	9am Board Meeting
10am	10am - 11:30am Coaching Session	10am	10am 8:30am - 12:30am Board Meeting
11am	11:30am - 12noon Follow Up	11am	11am
12noon	12noon - 1pm Working Lunch	12noon	12noon
1pm		1pm	1pm Follow Up Summary Work
2pm	2pm - 3pm Prospect Meeting	2pm	2pm Admin Home Office
3pm	3-3:30pm - 5pm Coaching Session	3pm	3pm
4pm		4pm	4pm Golfing Afternoon OFF
5pm	5pm - 5:30pm Follow Up	5pm	5pm
6pm	5:30pm - 6pm Home Office Marketing Planning	6pm	6pm
7pm		7pm	7pm
8pm		8pm	8pm
9pm		9pm	9pm
			9pm Cinema Night with Kids

Take the Next Step

Owning a TAB business offers the following benefits:

- ☑ Leverages your greatest asset: your accumulated business expertise
- ☑ Satisfies the passion many experienced executives have helping small business owners
- ☑ Provides a proven business model with a higher success rate
- ☑ Offers significant income potential with a strong ROI

To learn more:

Email us at TABFran@thealternativeboard.com or
Visit TABFranchise.com

Or, if you know someone that might be a good fit, forward this to a friend.