

● COVER STORY

GO YOUR OWN WAY

A recession can inspire the newly unemployed to head in a new direction – and become their own boss. **Report: Ainslie Chandler**

● With the economy floundering, unemployment is becoming an all too real prospect for many Australians. But some are shrugging off the negativity surrounding retrenchment and redundancy, choosing to see their joblessness (and often a tidy payout) as an opportunity to do something they have always dreamed of – starting their own business.

The new generation of unemployed is more willing than ever to brave the dark and scary world of self-employment, leaping off the corporate treadmill to work for themselves, despite the economic downturn.

The editor of small business website Flying Solo, Sam Leader, says most people typically spend more time thinking about where they are going to take their holidays than what they want to do career-wise.

Once they lose their job, they are free to consider what they really want to do with their time and pursue their passion.

Leader speaks from experience, having become self-employed nine years ago after being told her performance as a secretary was less than stellar.

While she was upset about the slight on her work at the time, she now admits it was the best thing that ever happened to her, providing the “boot up the bum” she needed to pursue freelance writing. “If it hadn’t happened, I probably would have still been there, not being a very good secretary,” she admits.

Her story is echoed by dozens of posts on the

website from people who have been pushed – or who have jumped – into self employment and never looked back.

“I jumped willingly and I often refer to this as jumping out of a perfectly good plane – terrifying but exhilarating nonetheless,” writes one contributor on the site.

“I knew I had to try it on my own, as I realised I would never have the career I thought I wanted. And I also realised the career I thought I wanted would never give me the satisfaction I craved.”

Now could be an ideal time for people to start their own businesses because they generally have less to lose, Leader says, as traditional jobs are becoming more scarce. “There is never a good time, you have to get out there and put your neck on the line.”

However, while the new unemployed rush to follow their passions, anyone starting a business should be aware that the estimated rate of failure for new businesses is 50 per cent in the first five years.

On this point, experts agree with the old adage: that businesses don’t plan to fail, they fail to plan. Enterprise partner Andrew Kesik at accountancy group PKF cannot stress strongly enough that a new business requires research and a well thought-out plan before anything else.

“A fundamental aspect of a business venture is to go through a robust process of preparing a business plan – it’s the cornerstone documentation.”



Opportunity on the grapevine

It took a personal tragedy to make Tim Althaus finally step out of his comfort zone and start his own business. He had been planning an online wine-retailing business for years but only decided to make it a reality after the suicide of a close friend last year.

“The one thing he always said was ‘just get it done,’” he says. “I thought there was no reason I couldn’t get it done now. It’s my passion. I thought if I just [focus] it could still be successful [despite the economic downturn].”

So Althaus left his job as business manager at Primo Estate Wines in September, just as the global economy started to implode. He is now the sole owner of Secret Vines, a web-based wine-retailing business that he runs from his home in McLaren Vale, near Adelaide. He hopes to “take the inefficiencies” out of wine retailing.

Although there are few online Australian wine businesses to compete with, Althaus expects it to be a year or two until the business turns cash-flow positive. He hopes this will coincide with a recovery in the economy but says, in any case, wine is not a product that suffers too badly in economic downturns.

Because of the recession, Althaus has changed his original plan to specialise in expensive wines to focus on more affordable products.

Having worked in the wine industry for a decade, Althaus’s passion is for small wineries that produce good quality wines in a more sustainable way than their giant counterparts. His business focuses on these wineries, which usually cannot get their product on to mainstream supermarket shelves because the cost is too high.

Althaus hopes there will be more demand for sustainably produced wines in coming years, just as there has been rising interest in farmers’ markets and locally produced food.

Ainslie Chandler

Kesik also warns that aspiring business owners should think about what they are good at – rather than what they think they would like to do – and gives an example.

"In the last recession, a lot of newsagents changed hands when redundant bank executives bought them on emotion and not on fact." Few of them, he says, managed to make a success of the business.

Smart Start Marketing founder Dawn Richards advises that new businesses need to know the market for their product and the competition. She says she saw a scrapbooking business fail within a year because the owner simply failed to consider that there were four more like it within five kilometres.

Many new businesses also underestimate the importance of effective advertising and marketing, Richards adds. Networking with local business groups is also a good way to build contacts and a customer base.

New business owner Sarah McIntyre of tomorrow communication (see 'Redefinition', right) would not agree more. She says the two clients she has attracted to her fledgling public relations and marketing company have come through her existing network of contacts.

The most important contact of all could be her former employer. Leader says it is important not to burn bridges – staying in the previous employer's good books may mean you can be engaged as a consultant down the track, which offers a low-cost way to work for yourself. **BRW**

Time to target talent

The big reason for considering setting up or expanding a business now would be to take advantage of the talent available. Ask any chief executive what their biggest problem has been over the past five years and the answer is likely to be a shortage of skilled staff. Now, although times are tight and there is still a net shedding of staff, some companies are open to taking in new recruits to be ready for the upturn. At Queensland private equity firm Sky, founder Mark Sowerby has reached into his pockets to hire Marcus Miller, previously an

investment director with Invest Australia in New York. In a slow market, finding good people is an opportunity too good to pass up, Sowerby says.

"We've been trying to expand the business but have found it hard to find good talent," he says. "We are in the talent business and we need people who are motivated and have intelligence."

"We didn't really have the space or the resources for [Keller] but we had to find them," Sowerby admits. "We looked at our cost structures and tried to find some dollars there." Kate Mills

Redefinition

Former marketing manager Sarah McIntyre says being made redundant earlier this year gave her the chance to sit back and think about what she really wanted to do with her life.

"Being made redundant has let me have a little bit of time to think about the things that I enjoy doing and what I'd like to do more of and [how to] structure [my] life around those things," she says.

McIntyre lost her job with software group Novell in January. After 15 years in the industry, she admits her first thought was to jump straight back into another corporate job. But after taking time out to reassess her career, she soon started developing marketing and public relations company tomorrow communication with friend Jane Palin. The company was launched in March.

Had it not been for the redundancy, McIntyre admits she may never have struck out on her own. "It's something I've always wanted to do," she says.

"This really gave me the impetus to go and do it. It just seemed like the right time to go and put this together. When you are employed, you kind of get in a bit of a comfort zone and you get so focused internally about the work that you're doing and you're usually ridiculously busy ... so you often don't get the chance to sit back and think, 'Well, is this really what I want to do?'"

"You do kind of blindly get sucked into that path, particularly when you work for a big corporate. It's all about climbing the ladder and [taking] more and more responsibility and managing people ... that's termed as 'success'. And maybe that's not a success for you."

McIntyre says she is using her existing networks to find new clients, as well as coming to terms with everything that working for yourself entails. Ainslie Chandler

