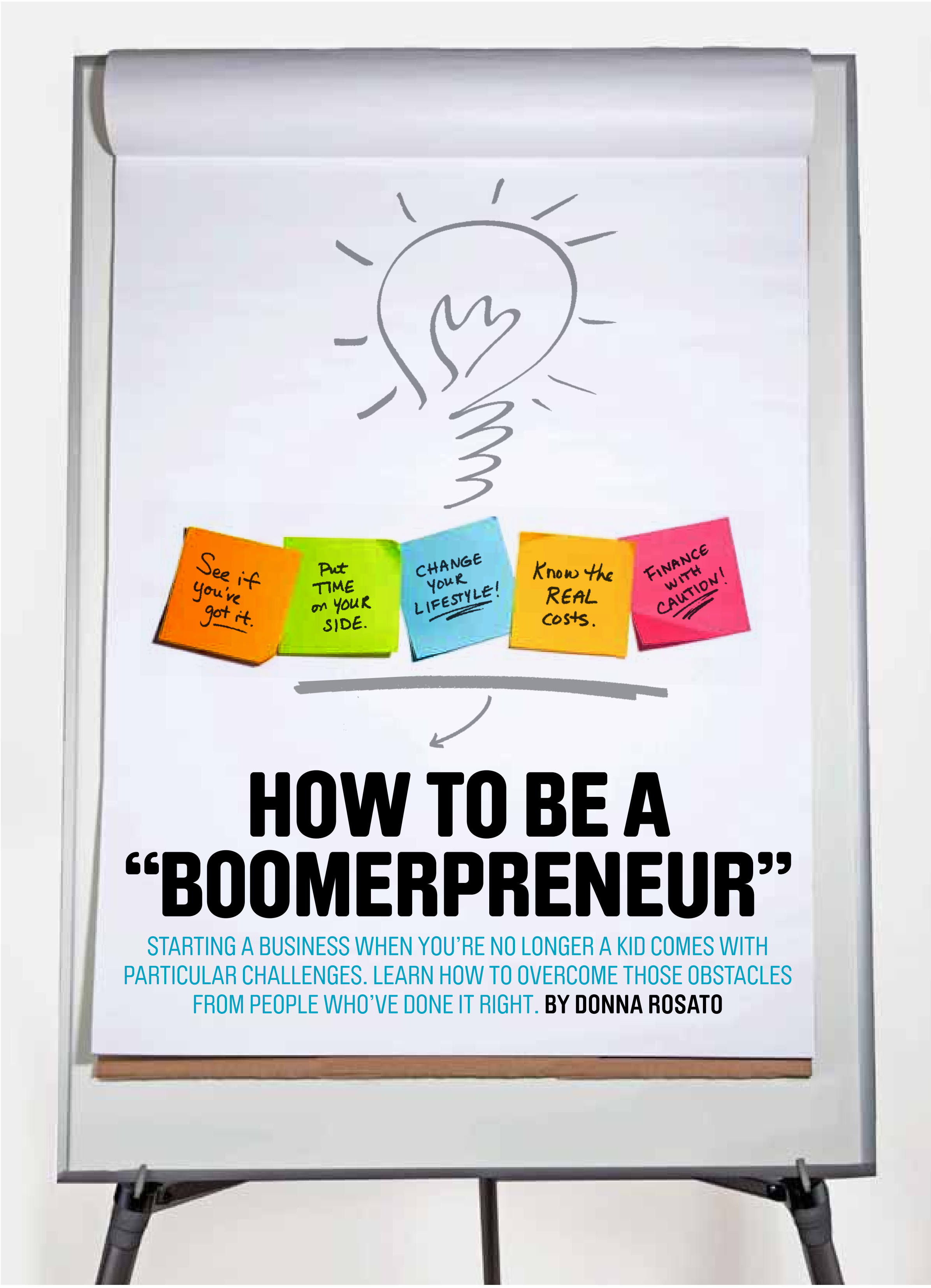
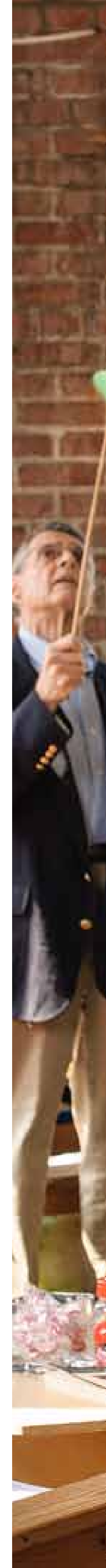


HOW TO BE A "BOOMERPRENEUR"

STARTING A BUSINESS WHEN YOU'RE NO LONGER A KID COMES WITH PARTICULAR CHALLENGES. LEARN HOW TO OVERCOME THOSE OBSTACLES FROM PEOPLE WHO'VE DONE IT RIGHT. **BY DONNA ROSATO**



Photographs by DAVE LAURIDSEN

FIVE YEARS AGO STEPHANIE RINGER, 51, LEFT HER STEADY JOB AS A SALES DIRECTOR AT AFLAC TO BUY A BUSINESS THAT FACILITATES CORPORATE MEETINGS.

AS A REGIONAL DIRECTOR for Aflac insurance, Stephanie Ringer had built her Louisville sales team into one of the top in Kentucky. One of her secrets for keeping her staff motivated? Holding brainstorming sessions in a local meeting space called WorkShop. She found that the center—with its whiteboards, comfy couches, and crazy toys like hula hoops—fueled productive sessions. So when WorkShop's owners put the business up for sale in 2007, Ringer, then 46, decided to buy it.

Family and friends were surprised at her willingness to take such a risky step at that point in her career. "Everyone said, 'Are you sure this is a good idea?' " she recalls. "But I felt in my gut it was right." With decades of leadership experience behind her, she was sure she could run a successful business.

Five years later Ringer has six employees and nearly $300,000 in annual revenue. While she drew only a $30,000 salary last year, she expects to earn $60,000 this year and clear six figures by 2013. Most important, she loves being the boss—or, as she calls herself, chief fun officer. "This is the best career move I've ever made," she says.

When you think of today's entrepreneurs, young hotshots like Facebook's Mark Zuckerberg or Google's Larry Page may be the faces that come to mind. But it's baby boomers like Ringer who are striking out on their own at the fastest clip of any generation. Americans 55 to 64 have launched more businesses than any other age group during the past decade, closely followed by those 45 to 54, reports the Kauffman Foundation, a nonprofit dedicated to entrepreneurship. For some, the change has been forced upon them by the tough job market. Others are taking the leap to escape boredom, become their own boss, pursue a passion—or simply in hopes of hitting it rich.

Whatever the motivation, entrepreneurs face a tough road. Half of businesses fail within the first five years, the U.S. Small Business Administration reports. Some research shows that boomerpreneurs have more staying power than younger folks, but the stakes are also higher: You have little time to recover from failure, you have higher living expenses to cover, you may have a family depending on your income, and though you've likely amassed more wealth, you're closer to the time when you need to tap those assets.

So how can you beat the odds if you want to join the boomerpreneur boom? MONEY put that question to small-business experts and dozens of fiftysomething entrepreneurs. Their best advice follows.

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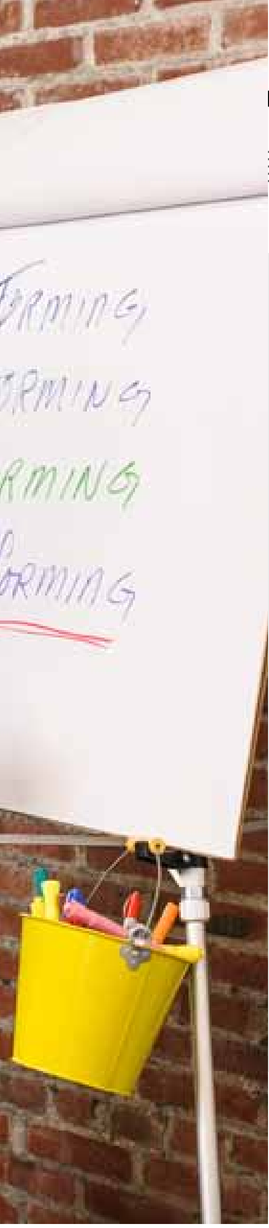
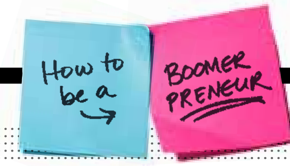




HER STRATEGY

Buy a Biz That's Up and Running

STEPHANIE RINGER, 51, Louisville

WORKED FOR: Aflac, the insurance company, as a regional director

NOW RUNS: WorkShop, the Creative Workplace, a corporate meeting space designed to foster innovation

BY THE NUMBERS

Year bought: 2007
Employees: 6
Startup costs: $64,000
Revenue in 2011: $300,000
Salary in 2011: $30,000

"Believe in yourself, but also ask questions of people who have been there and done that."

SEE IF YOU'VE GOT IT

AFTER DISCOVERING SHOPS in Europe dedicated to gourmet olive oils and vinegars, Jim Milligan dreamed of opening a similar store with tasting rooms. Then living outside the Twin Cities, he thought such a business would do well in a vacation destination like Traverse City, Mich., where he'd often spent time with his in-laws. Getting laid off at age 55 in 2007 from his position as a general manager at 3M gave him the push he needed.

Those first few years running Fustini's—named for the Italian word for the stainless-steel containers used to store olive oil—were harder than he'd expected. Milligan put in 80-hour weeks. "I was on my feet a lot," he says. Between hiring staff, managing inventory, and working the register, he was more mentally and physically taxed than ever before. But, he's quick to add, "it's been incredibly satisfying too."

No matter what field you go into, you'll probably find that owning a business requires more multitasking, risk taking, and stress management than your old job did. In the beginning, at least, you'll be CEO, secretary, and everything in between—expect long days on the job and sleepless nights ruminating over what-ifs. "You have to consider your health, your stamina, your tolerance for risk, and whether this is something you really want to do at this stage of life," says Colorado Springs financial planner Mary Alpers.

HOW TO DO IT

Do a self-assessment. "Successful entrepreneurs are calculated-risk takers," says Mary Beth Izard, startup consultant and author of *BoomerPreneurs*. Look back on your career to see how well that describes you: Have you set high goals for yourself? Are you fiercely competitive, always looking to what's next? Have you thrived amid uncertainty? Do you enjoy making decisions? Are you quick to adapt? Most important, have you maintained your drive as you've aged? If you can't say yes to most of those questions, the entrepreneurial life isn't for you. To be fair, not all businesses require the same amount of chutzpah. A freelance graphic designer won't face the same pressures that a restaurateur with high overhead and a big staff does. "You can match a business with your risk tolerance," suggests Izard.

Make sure you're in love. Unless you're 100% enthusiastic about your product or service, you'll resent the time you put in. Passion, on the other hand, can sustain you through long hours and energize you in ways you haven't experienced in years, says Lesa Mitchell, vice president at the Kauffman Foundation. Should you be forced into entrepreneurship, look for a niche that motivates you. If you're leaving a job, find ways to put your fervor to the test before quitting. Before opening a café, for example, shadow a restaurateur to see whether you'd like it as much as you think. Try out your idea in your spare time before launching it.

PUT TIME ON YOUR SIDE

MARGUERITE COLE had long wanted to start her own business but figured she'd wait until age 60, when her home would be paid off. When a 2009 restructuring at Microsoft cost her her job as director of sales strategy, however, the then-47-year-old moved up her plan. With only six months of severance and a monthly mortgage bill, she needed income fast. Since she had lots of contacts, she decided to launch a business-strategy consulting firm. Thanks to low overhead, "I've been able to pay myself a salary every month since starting," says the Redmond, Wash., resident.

As Cole was acutely aware, older entrepreneurs don't have the many years a twentysomething has to succeed, let alone recover from failure. So put in legwork to make sure your venture will be among the 50% that survive—and to ensure that you'll be thriving soon. The average business takes three years to show a profit, the SBA reports. Shoot for under that average so that you don't have to lean too heavily on your savings, says planner Alpers.

HOW TO DO IT

- **Aim for a quick profit.** Buying an existing company, as Stephanie Ringer did, will get you up and running faster than starting from scratch. Or aim for a business that's not capital-intensive, à la Cole and the other 5 million boomers who are consultants, according to small-business services provider MBO Partners. Most start up with less than $5,000. Have a more ambitious idea in mind? Run a break-even analysis—find help at sba.gov—to see whether you'll profit within three years.
- **Do what you know—or learn before you launch.** "If you're starting a business within your area of expertise, the likelihood of success will be higher," says Izard. You'll be able to leverage your network and years of experience. Going boldly into new territory is especially risky in your fifties. But if you're set on it, familiarize yourself with the field first: Get training, attend conferences, find a mentor. Or bring in a collaborator with the knowledge you lack.
- **Have a plan B.** Even careful planning won't guarantee results. Set a limit now on how long you'll give the venture to meet your projections, based on your resources (see the next section). Also think about what you'll do if the business doesn't survive. Go back to your old employer? Retire early? Stay connected with former bosses and colleagues in case you need them.

CHANGE YOUR LIFESTYLE

FORT COLLINS, COLO., NEIGHBORS Bob Flynn, now 57, and Ray Schofield, 51, had spent most of their careers at technology companies—Flynn as an engineer, Schofield as a financial analyst—both making in excess of $100,000. But after a restructuring cost Flynn his job and Schofield's position was transferred to California, the two landed at an airport shuttle company. Working there gave the men, both environmentalists, an idea for a new niche: an environmentally

STYLING AND GROOMING BY ASHLEY KELLY

THEIR STRATEGY

Start a Company From Scratch

BOB FLYNN and RAY SCHOFIELD, 57 and 51, Fort Collins, Colo.

WORKED FOR: Technology firms, as an engineer and financial analyst, respectively; then for an airport shuttle company

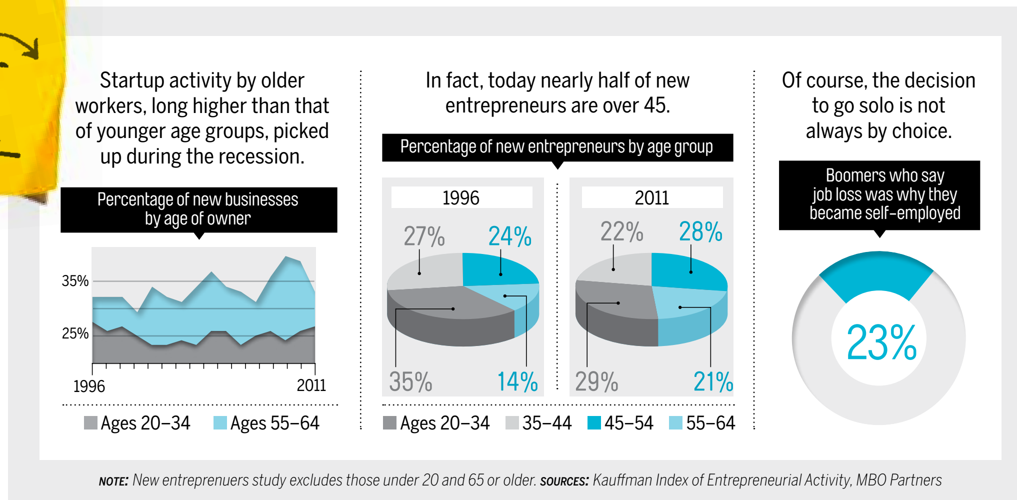
NOW RUN: GreenRide, an eco-friendly shuttle running between Fort Collins and Southern Wyoming and Denver airport

BY THE NUMBERS

Year started: 2008
Employees: 80
Startup costs: $250,000
Revenue in 2011: $2.2 million
Salaries in 2011: $70,000 each

"Know the industry you're going into and be passionate about it. You have to provide a great product or service."
—BOB FLYNN

Breaking Down the Boomer Business Boom



NOTE: *New entrepreneurs study excludes those under 20 and 65 or older.* **SOURCES:** *Kauffman Index of Entrepreneurial Activity, MBO Partners*

friendly shuttle service. In 2008 they launched GreenRide.

Their first-year take? Just $35,000 each, which barely covered Schofield's $2,200-a-month mortgage. His wife, a physical therapist, had to put in twice as many hours to help with expenses; Flynn's wife took a part-time job to provide health insurance. Both families drained their cash reserves. "We made sacrifices to pay the bills," says Schofield. Fortunately, after two years of profitability, they're starting to see the rewards: Next year they'll pay themselves $85,000 each.

Flynn and Schofield were so accustomed to six-figure incomes that they had expenses to match. The duo managed to cobble together just enough to cover their expenses, but only by the seat of their pants. A better move? Plan as much as you can for a drop in income your first few years out. "But also make sure the business can eventually pay you a salary commensurate with your needs and wants," says Pewaukee, Wis., financial planner Kevin Reardon.

HOW TO DO IT

Project your income potential. Build a sufficient income for yourself into your business plan. Figure in health insurance costs, too, if you don't have a working spouse who can provide coverage. And be sure the salary you'll draw includes room for retirement savings soon.

Ratchet back now. If you have the luxury of being employed before launching, cut your living costs and supersize your cash cushion. Besides giving you a little more financial security, this is a good test of whether you can handle the meager early years as an owner.

Keep a hand in your old job. Unless you're out of work or your new business presents a conflict of interest with your job, you needn't go cold turkey from the corporate world. Pursuing your passion on the side allows you to keep a paycheck and reinvest profits from the business, says Izard. Ringer hung on to her job at Aflac for nearly a year after buying WorkShop: "It gave me a chance to grow the business to the point where I knew I could run it full-time."

KNOW THE REAL COSTS

AFTER A DEAL to become a partner in the pharmacy where she worked fell through in 2009, Sandi Bryant, then 45, decided to open a long-term care pharmacy service in Fairview, N.C. She projected startup costs of $300,000. Among other things, that would require using $100,000 from her 401(k) and putting her home up as collateral to secure $150,000 in financing. Understandably, she and her husband were anxious: "There was a lot at stake if the business didn't take off."

To see whether the risk would be worth it, she painstakingly calculated how many prescriptions she'd have to fill to break even. "Once I ran the numbers, I was confident I'd see a profit in the first year," she says, and she was right: Americare Pharmacy broke even after eight months. She's now paying herself a $150,000 salary and expects to clear her debt in two years. As for her retirement, she's again funding an IRA and considers the business a big part of her nest egg.

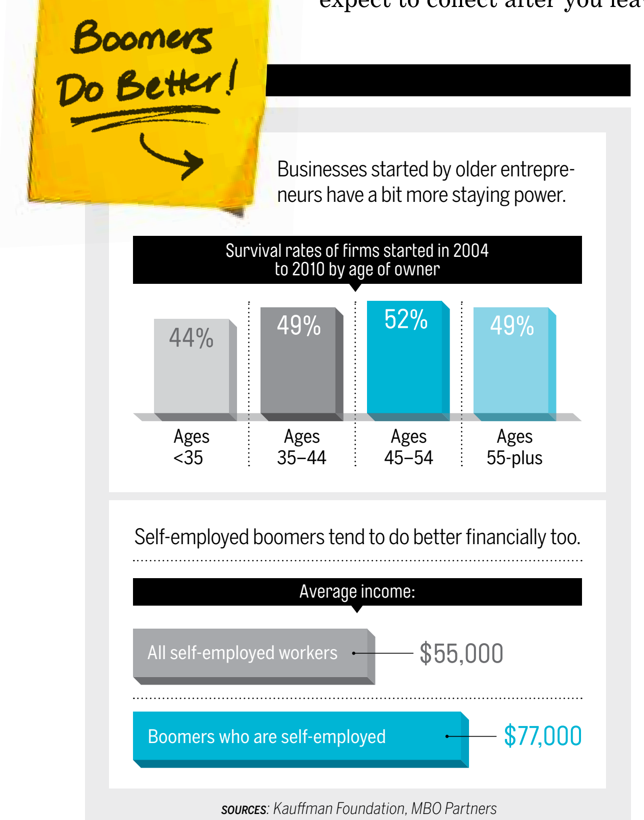
Almost half of entrepreneurs ages 44 to 70 used personal savings to launch, a survey by baby boomer think tank Civic Ventures found. While older owners often have more resources, diverting those savings into a business is dicey. "It's the opposite of diversification," says Alpers. Instead of dialing back your risk, as you normally should at this age, you're concentrating in something with a 50% chance of failure. Whether you can afford to do so depends on how much you have and how flexible you can be.

HOW TO DO IT

Figure out the tab to get going. "Most entrepreneurs grossly underestimate startup costs," says Reardon. With less than 20 years to retirement, however, the effects of spending more than you'd intended will be keenly felt. Get a realistic appraisal by talking to owners of similar businesses. Remember, those startup costs include living expenses until you can pay yourself a sufficient salary (a spouse's job can help).

See what you'll be giving up. To decide how much skin you can put in the game, "you've got to look at the opportunity costs," says Izard. The biggest impact will likely be on your retirement. First, use the retirement income calculator at Troweprice.com to estimate what you can expect to collect after you leave the workforce based on your current situation. Then run the numbers as if you'd invested—and lost—your startup costs. Are you willing to live on that or work longer to recover? You may also have to suspend saving for retirement. Halting $15,000 in annual contributions for three years at 50 will leave you with $114,000 less at retirement, assuming 6% annualized returns and quitting at 67, says Alpers. At a 4% withdrawal rate, that's $4,400 less in year one, more each year as you adjust for inflation.

Get the rest of the clan on board. When Flynn and Schofield launched GreenRide, it was an adjustment not just for them but for their families as well. Both stopped saving for their children's education. As a result, Schofield's son took loans for college. Flynn's son will attend a state school and live at home to save money. "Not the college experience we'd hoped for him," says Flynn. The lesson? Understand that your new venture doesn't just mean tradeoffs for you. "You have to look at how the business will affect your whole family," says Alpers. Discuss ways in which you're willing to be flexible, whether that's working longer or sending the kids to a public college—and what's nonnegotiable. Make it clear that the tightfisted times won't last forever.



SOURCES: Kauffman Foundation, MBO Partners

FINANCE WITH CAUTION

UNABLE TO FUND GREENRIDE solely from their own pockets, Flynn and Schofield struggled to line up financing. "We approached a lot of banks, but they said, 'If you're not making money, we're not giving you a loan,'" recalls Flynn. They eventually turned to a banker they had worked with at their old jobs and secured an SBA-backed loan for $250,000. But both had to put up their homes as collateral. "We put our lives on the line to do this," says Flynn. "There was little room for error."

Borrowing for your business can be just as damaging as tapping your savings. And tying your personal assets to your debt ratchets up your risk. Flynn and Schofield are paying down that debt from GreenRide's revenue, but "we're still really exposed if the business fails," says Flynn. If you must borrow, look for a better way.

HOW TO DO IT

Apply as a business. As long as your operation is a limited liability or S corporation, the bank can't come after your assets if you default, unless you've put them up as

HER STRATEGY

Launch a Solo Consulting Firm

MARGUERITE COLE
50, Redmond, Wash.

WORKED FOR: Microsoft, as director of sales training strategy and development

NOW RUNS: The Success Factor, which advises businesses on sales strategy

BY THE NUMBERS

Year started: 2009
Employees: 0
Startup costs: $2,600

Revenue in 2011: $150,000
Salary in 2011: $85,000

"Go with something you know. You have to be really good at what you do."

collateral. It can be difficult to get a bank or an SBA-backed loan unless you're making money. But a slew of new websites—Biz2Credit, Boefly, and Lendio—aim to pair small businesses with banks and credit unions that are eager to lend, even to startups. By going this route, you may also find lower rates than a big bank would offer. Vendor financing is another option: Ask the companies you do business with for a line of credit (pharmacy owner Sandi Bryant got a $100,00 one from a drug company).

Go to your network. If you're turned down for a business loan, consider tapping friends and family. "At this age, you're more likely to have a network with deep pockets," says Mitchell. Lay out the terms on paper. While you have to pay the minimum interest rate set by the IRS—search "index of applicable federal rates" at irs.gov—that's lower than bank rates.

Reduce your exposure. Rather than use your home as collateral, ask a friend or relative if they would be willing to guarantee the loan as a cosigner. Or pool resources with a partner so you can borrow less. If you must put your own assets on the line, make paying back those loans a priority. As for how much debt to take on, think about your monthly payments: The SBA guideline is that debt payments should be no more than half your business's net income.

Stephanie Ringer borrowed about half of the $64,000 she needed to get WorkShop started, plus used a $25,000 line of credit to cover some first-year costs. The money coming in from existing clients enabled her to pay the loan back almost immediately. Five years later, WorkShop has grown steadily. Ringer has a chief numbers guru to handle finances, a director of lasting impressions for customer service, and a director of possibilities on sales. And she is expanding into giving speeches and private coaching. "I like being in charge of my destiny," she says. "I won't work for anyone else again." M

STYLING BY SHANNON HOPKINS; GROOMING BY JEANNE KOBAYASHI

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