



Achieving Accelerated Growth With Sustained Profitability®

From the Ground Up: Starting Your Own Business

Moderator: Aldonna R. Ambler, CMC, CSP, The Growth Strategist™,
President, AMBLER Growth Strategy Consultants, Inc.

Panelists: Caren S. Franzini, CEO, NJ Economic Development Authority
Jill Johnson, Co-Founder/COO, Institute for Entrepreneurial
Leadership
Nell Merlino, President/CEO, Count Me In for Women's Economic
Independence

2009 NJ Governor's Conference for Women
May 12, 2009
11:15 a.m.

Atlantic City Convention Center
Room 415





Recessions Provide Opportunities to Grow Your Business

We Are All In the Same Business: Energy Management

To be competitive during a recession, we all need to find affordable ways to infuse positive energy into our work environments just to compensate for the brain drain caused by the negative energy generated by an economic downturn. To think clearly, our brain cells need more oxygen, endorphins, and adrenaline that are sapped by the indecision, worrying, laying low, and whining that are so pervasive during recessions.

This is easier said than done, especially if your clients view your team as a resource for the positive energy they desperately need. These days, it doesn't take much for a team to feel pretty "used up."

Your team members may not always say how they feel out loud, but your attempts to "cheer up" hard working professionals who feel "used up" may evoke facial expressions that scream:

- "Go away!"
- "You have got to be kidding!"
- "What else do you want from me, anyway?"
- "Isn't it bad enough that I have to put up with so much __@#\$\$%__ from our clients these days and you want me to be HAPPY about it too!?!?"

Instead of trying to cheer up your hard working "used up" team, sometimes it helps to convene a meeting to directly discuss the connection between oxygen, endorphins, and adrenaline with clear thinking. Many of the companies on the lists of fastest growing privately held companies have succeeded because "Mind Fuel" meetings led to the reintroduction of company parties, luncheons with guest comedians, training to strengthen improvisational skills, contests, policies to ban sarcasm and whining, or an investment in aerobics or yoga programs.

It is Easier to Attract Top Talent

Where are the people who could be choosy about where they work and demand expensive compensation packages? These days, some of those

same people feel trapped in jobs stuck behind timid department heads or business owners who have stopped investing and are just waiting for the recession to "blow over."

Life is not just about money for creative productive people. They crave the opportunity to think, create, be productive, and feel a sense of accomplishment. While their competitors whine about the recession, the fastest growing companies succeed by attracting very talented people because it is clear that their teams are on the move, welcome creativity, and generate opportunity. And recessions provide ample opportunity for all of us to clean house. It's a great time to let nay-sayers and dead wood go.

Bigger Ventures are More Possible

For several reasons, it is important to look for bigger projects, go after larger contracts, and invite innovation. Employees have a heightened awareness of your attitude. Instead of wasting time worrying that their bosses are looking for ways to get out of business, your employees can feel reassured that their employer is focused on market needs and the future. When you embrace larger projects, your employees can contribute and learn which increases productivity, retention, and recruitment.

Another positive side effect of recessions is reduced arrogance. We all seem to have more "situational permission" to not know what to do and not have all of the answers. This dynamic becomes the great equalizer. The sports-based phrase "levels the playing field" comes to mind. We all have the chance to share information about market trends, customer problems, and the sources of dissatisfaction with competing products. Everyone, regardless of his/her job title, can be invited into brain storming sessions. The janitor can be asked to contribute to research. Students can get involved to ask provocative "what if" questions. Creativity is fueled when presumed answers are not in the way.

As the host of a weekly peer-to-peer-to-peer Internet radio show featuring Presidents/CEOs of mid sized companies, I recently did a series of programs on "The Enemy of Entrepreneurship is Isolation." It was interesting to hear how passionate

Recessions Provide Opportunities to Grow Your Business *cont.*

the most successful guests have been about the need to be open to crazy ideas, seek input from every direction, and retain their thirst for learning. Many have reduced their participation in associations serving their own industries and increased their participation in associations serving their customers.

Bankers, venture capitalists, and private investors are more reluctant to take chances during the early stages of recessions. But as a recession lingers, they tend to look more assertively for new ideas, sources of innovation, and bigger opportunities. Investors don't want to go out of business and "laying low" is not conducive to the attraction of investors to a fund or members for their boards. The due diligence process to guide an investment decision can be cumbersome. It isn't worth their valuable time to agonize over small deals.

Leaders of complementary companies are more willing to participate in strategic alliances and joint ventures during recessions. You can go after a project or contract that is larger than you would normally take on if you can share the risk across a few businesses. Some of the grandest shows presented in Las Vegas are a result of strategic alliances and joint ventures between a handful of companies that could not produce multi-million dollar extravaganzas on their own.

Have you let yourself even dream about what your company could do to attract and thoroughly please big customers? Do you even know what you would just LOVE to do? What new technology would your customers truly appreciate if you embraced it? How global could your business really be if you weren't so worried about legal costs, cultural differences, or cash flow? Maybe it's time to expand your list of who is invited to explore ideas with you. An exciting big idea can attract the help, the technology, and the funding you need.

More Information is Available to Guide Product/Service Development

Not only can we admit what we do not know, recessions seem to provide situational permission for people to whine and complain. There's a bit of a double standard involved with this observation. Service professionals simply don't dare slip into a culture of whining, blaming, pouting, or sulking. And it can be tiring to hear customers whine.

BUT, when customers are free to whine, they reveal their deepest feelings. They are expressing emotions that may have been suppressed for several years. You can save hundreds of thousands of dollars on formal market research studies during a recession. It can pay to invest in training to strengthen your team's active listening skills and practice open ended questions. Not only are the skills strengthened, your investment reinforces the importance of everyone listening for hints that can guide your product/service development.

While their competitors whine about their customers' whining, the fastest growing companies learn active listening skills, collect and analyze the data, and look for ways to improve products/services to address the source of customer discontent. After all, today's complaints lead to tomorrow's best products.

Summary – We all need to bring out our inner entrepreneur when the economy slows. Maintaining a positive work environment may initially take some effort, but the exchange of ideas and welcoming creativity is contagious. Active listening skills can turn today's whining into tomorrow's competitive advantage. While competitors lay low, determined entrepreneurs can cherry pick top talent for less money than we would have paid a few years ago. It is more possible to take on large projects during recessions because we can spread the risk through strategic alliances and joint ventures. It is important to remember that true wealth can often be traced back to products that were introduced during recessions.

Aldonna Ambler, CMC, CSP, has earned the right to be known as The Growth Strategist™. She has won over two dozen national and state level "entrepreneur of the year" awards from INC magazine, the National Association of Women Business Owners, Office Depot, and others. More importantly, her clients get on and stay on the published lists of the country's fastest growing privately held companies and attract growth financing. Aldonna hosts a weekly peer-to-peer-to-peer on line radio show (aptly titled The Growth Strategist™) that features lively interviews with Presidents/CEOs of midsized companies (\$20 – 200 Mil/yr) sharing practical tips on the growth strategy of the week. For more information, please visit www.TheGrowthStrategist.com.



Breaking Through 5 Barriers That Involve The Number 5 By Thinking Bigger & Expecting More Yeses

Women business owners have made tremendous progress since I started my first business over 30 years ago. Through hard work and networking, women owned businesses now account for 38% of all of the businesses in this country. According to the National Foundation of Women Business Owners, 9.1 million woman-owned businesses contribute 3.6 trillion dollars/year to the economy and employ 27.5 million people. One out of every four employed people works for a women owned business. Plus, the failure rate and default rate on bank loans are lower for woman owned businesses. The National Association of Women Business Owners rightfully celebrated its leadership role in achieving this progress at its 25th Anniversary gala in June, 2000.

But this is not the time for women entrepreneurs to rest on our past successes. In fact, I've noticed five statistics that involve the number 5 that cue us to build on our past success and take our businesses to the next level. And it shouldn't take us 25 more years to change these 5 things.

Less than 5% of government procurement dollars goes to woman owned businesses. In fact, on the federal level the total is less than 2%. The major reason that this is true is that so many government contracts go to mega-corporations rather than privately held companies. It takes the resources of a mega corporation to deal with the paperwork related to many government contracts. But, we can improve this statistic by participating in the unified certification system provided by the National Women Business Owners Corporation so government entities can tell who the bona fide women-

owned businesses are. And we can encourage the passage of policies and guidelines. At the risk of sounding a bit militant, I think it's time for women owned businesses to more aggressively go after government contracts and expect more yeses. Some of the problem is that we are still not applying for contracts that we could be getting. **We need to think bigger and expect more yeses.**

Less than 5% of corporate purchasing goes to woman owned businesses. Frankly, this statistic is surprising to me. Some of the patterns are similar to government procurement. There are paperwork issues. We need to participate in the unified certification program. And we need to encourage passage of more progressive policies. But, I have found that we can get corporate contracts when we demonstrate that we can save a corporation money, time, and frustration. Contracts can often be won based on the excellent track records for customer satisfaction that so many women owned businesses have earned through their focus on service. Several corporations with diversity initiatives tell us that they do not have enough women owned businesses offering products and services to them. Again, I feel that it's time for women owned businesses to build on our past successes and **think bigger and expect more yeses.**

Women hold less than 5% of paid board positions. This makes absolutely no sense to me. You cannot convince me that there isn't valuable business acumen among the 9.1 million women business owners that could benefit corporations. Our advice could be particularly useful to corporations with products that are sold to women or families.

Breaking Through 5 Barriers That Involve The Number 5
By Thinking Bigger & Expecting More Yeses **cont.**

Our associations can play a role by distributing the resumes of our most experienced, successful women business owners to people who may be looking for board members or commissioners. **We need to think bigger and expect more yeses.**

Less than 5% of all venture capital dollars goes to women owned businesses. The bankers, angel networks, and venture capitalists report that only one in twenty five applications for growth financing comes from women owned businesses. And when we do apply, we ask for too little. I have reviewed well over 1000 proposals in my role helping to obtain financing for fast growing companies (including dozens of proposals for e-commerce businesses.) I have noticed that male entrepreneurs usually build comfortable salaries and benefits for themselves into their projections while their female counterparts submit projections that include nominal (if any) pay for themselves. Prospective investors often interpret that pattern as a signal that the woman lacks real faith in the project or in her contribution to its success. And I've heard prospective investors jump to the conclusion that there must be more money available from her family or spouse that she has not revealed. **We need to think bigger and expect more yeses.**

The fifth pattern is the most troubling to me. I have consulted with over 750 clients and have provided speeches to over 1 million business owners and have observed that women are 5 times more likely to dissolve their businesses than our male counterparts. There are, of course, many causes for such a pattern. Women owned businesses are heavily within the service sector. Many woman-owned businesses were created for lifestyle reasons and are really "incorporated careers." I wouldn't mind the statistic if women business owners were taking home higher salaries while their

businesses were in operation. But far too many women business owners work long hard hours only to end up with salaries that are far below their former corporate career salaries....or even what they could make as employees with other small companies. **It's definitely time for women business owners to break through these five barriers that involve the number 5 by thinking bigger and expecting more yeses.**

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Growing Your Incorporated Career Into An Enterprise

The troubled economy, shifting markets, rapidly evolving technology, increased competition, decreased brand loyalty, over regulation and rising costs all challenge the growth of small businesses, but many of the classic barriers to growth lie within the companies themselves.

One of the most common barriers to growth is a business owner's lack of understanding or indecision about the basic purpose of their companies. Each owner of a small business must ask him/herself: is the company essentially an incorporated career or is it the basis for an emerging enterprise?

What is the difference? The identity of an incorporated career is defined by the needs, skills, preferences, reputation, resources, and/or availability of individual(s) at the top of the organization while the identity of an enterprise is defined by its customers and/or the products/services it provides.

There is nothing wrong with choosing an incorporated career. In fact, the overwhelming majority of business owners are not really entrepreneurs, and there are many advantages to having an incorporated career. The problem comes for some people when the excitement of starting businesses of their own is over and the implications of their past choices are realized.

The most essential step in the transformation of identity from incorporated career to enterprise is the addition of a visionary CEO.

The Advantages of Having an Incorporated Career

Most of the businesses created in response to corporate layoffs of middle managers are incorporated careers. Having small businesses affords the opportunity to continue doing what they had been doing and reduces the negative stigma attached to being unemployed. Although there are risks, many people provide precisely the same services on a contractual basis for their former employers that they used to do as employees.

Other incorporated career businesses are created based on lifestyle considerations. Home based micro businesses offer parents who are raising small children, adults who are caring for elderly parents and college students more flexibility and control than typical part time jobs.

Still other incorporated career businesses are created by capable people who face the "glass ceiling" within corporations, are not promoted but refuse to be stopped. Their preference, in many cases, would be to remain within the corporate setting, but they were not given that option.

Other incorporated career businesses are created around individuals who enjoy working alone or do not want the responsibility of being employers. There are thousands of "solo consultants" in this country who fit this description.

Incorporated careers allow the owner(s) flexibility, retained control, a defined sphere of operation, a prestigious title, and limited exposure of their ignorance or mistakes. But...

How Can an Incorporated Career Business Grow?

Growth in revenue often comes to the incorporated career through specialization and perceived expertise. An incorporated career can grow through the addition of "better" accounts, bigger fees and more challenging assignments.

Time management becomes a central skill for the incorporated career business. The key person must learn to balance his/her marketing/sales time with his/her customer time. It can be tempting for the key person to try and take on more than 60-70% billable time,

but that decision inevitably backfires. Without consistent marketing and sales effort, the new business pipeline slows down, and without a reasonable workload, the key person increases his/her risk of burnout, illness, lost perspective, and/or mistakes. Clearly, the maintenance of the lead person's health and well-being is a key to sustained success of an incorporated career business.

Financial management becomes an important skill for the owner of an incorporated career business. She/he needs to somehow find ways to save for the future, establish a pension/retirement plan, and make wise investments. Growth in net profits comes when overhead costs can be controlled. This is accomplished through the establishment of a routine, standard services/products, automation and procedural

Growing Your Incorporated Career Into An Enterprise *cont.*

efficiencies...thus the need for fewer overhead employee positions.

Growth in revenue can also come to the incorporated career through the use of subcontractors. It is essential to build the company's capacity to do billable work

as its administrative (non billable overhead) capacity rises. IF capable people are available at a reasonable price, IF the key person can enjoy having help, IF billable tasks to be done can be taught, IF quality can be maintained, and IF the marketing/sales effort is sustained, it is possible for the incorporated career business to make the leap to having full time billable employee(s) and remain an incorporated career.

Some owners of incorporated career business try to achieve the best of both worlds through participation in joint ventures or consortiums. They hope to build their capacity to handle larger assignments without increasing their overhead costs. "Virtual corporations" (temporary alliances between multiple complementary entities, all of which have a vested interest in one another's success) are also becoming increasingly popular as a means of seeming larger without loss of control.

Specialization, time management, the use of subcontractors, financial management, and consortiums all contribute to increased revenues while retaining the basic identity of the business... an incorporated career.

However, if a business is really going to grow, it must make the shift from incorporated career to enterprise.

How Can an Incorporated Career Become an Enterprise?

A very small percentage of businesses were started by true entrepreneurs who envisioned growth, would not have been satisfied working by themselves for very long, and defined their companies in terms of the customers being served or the products/services being provided rather than in terms of themselves, their careers, their personal lives or their current skills. Clearly, the overwhelming majority of business owners have incorporated careers.

The most essential step in the transformation of identity from incorporated career to enterprise is the addition of a visionary CEO. The business owner must be truly committed to making a complete career change for the transformation to be possible

without bringing in a new leader. The owner can no longer view him/herself a consultant, an engineer, an artist, etc.

The career of being the CEO of a growing enterprise involves vigilance over market trends, constancy of purpose and vision, the capacity to attract and retain talented people, the ability to bring the best out in others, and a willingness to embrace change. Nine out of 10 business owners making the change to becoming a CEO must face their ignorance about financial management. Successful CEOs do not permit themselves the luxury of isolation that is so characteristic of incorporated career businesses. Having a written strategic plan that is shared with other people is one excellent way to start the move away from incorporated career thinking. Creating an advisory committee is another excellent start.

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Capture Your Competitive Advantage

Muhammad Ali.

What was his competitive advantage?

It wasn't his good looks, his crazy haired promoter, or even his rhyming poetry. Those were just the marketing tools used to promote his true competitive advantage — speed.

Competitive advantage is not about what you do... it's about how you do it.

How about someone a bit more current?

Madonna. What is her competitive advantage?

When I asked this same question to an audience recently, someone actually yelled out, "She's a good singer." She may be able to sing, but that isn't the first thing that comes to mind when you hear her name. Other guesses that seemed a bit closer included "on the edge of outrageous" and "sleazy."

It wasn't that he was a boxer and she is a singer.

Competitive advantage is not about what you do...it is about how you do it.

Muhammad Ali and Madonna illustrate the five components of competitive advantage.

First, you need to risk being distinctive.

If you try to be everything to everybody, pretty soon you'll be remembered for nothing. You do not need to attract everyone, just enough. Not everyone likes Madonna, but while some people turn away, millions more pay top dollar for her concerts, records, books, and souvenirs. A subgroup of her fans even enjoys imitating her.

Second, be able to describe your competitive advantage in a few words or a short phrase. If, like many service professionals at business card exchanges, it takes you six sentences to convey your competitive advantage, you probably don't have one. Using phrases like "full service" and "tailored solutions" mean nothing.

Imagine, for example, that you own a computer-related company. They all sound the same, right? But, what if your company is staffed by somewhat anti-social computer wizards? If you try to match a competitor's approach to be "the cheapest," you would be selling your team short and would be reducing your return on investment in their talent. You could, like a firm in Virginia, choose to name your company something like "Rent a Nerd," and capitalize on your real competitive advantage.

The third key to competitive advantage is to

make sure it's deep enough that you're not taken out at the knees when a competitor copies it.

Domino's Pizza focused so much on its fast delivery that it left the door open for Pizza Hut. Pizza Hut not only delivers, their products are on hotel room service menus and in airport restaurants. The likelihood of being copied underscores the wisdom of selecting a competitive advantage that is YOU.

The fourth key is to promote your competitive advantage with persistent, insistent marketing. If you owned a print shop that has Muhammad Ali's competitive advantage (speed), you might invest in a drive through pick up window to convey that message. On the other hand, if you owned another print shop that boasts "precision" as its competitive advantage, you could spend that money on the purchase and promotion of high tech equipment. The messages on direct mail, signage, and display advertisements for these two printers would not be the same because they would convey different competitive advantages.

Fifth, your competitive advantage needs to be backed by consistent day-to-day management practices. An advertising firm may need to let an overly serious production manager go if its competitive advantage of "being fun" is compromised by his/her presence.

There is one final test of competitive advantage. Ask yourself if you could guarantee it. If you could not, maybe you do not have one. If you do not guarantee your competitive advantage, you will not have it very long.

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