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Become your own boss

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NECESSITY is the mother of invention, so use this downturn to recession-proof your career and become your own boss.

"Sometimes you crave to be the master of your own destiny"

Don't wait for the tap or for the boss to call for voluntary redundancies.

There is no doubt the global economic downturn has been the cause of many job losses since the crisis began late last year, so maybe now is the time to start your own business.

More than half of Australia's financial services professionals alone have put hiring freezes in place to help fight the downturn.

A survey by specialist recruiter Hudson found 54.8 per cent of financial service managers will not be hiring until further notice.

An additional 44.2 per cent redeployed employees elsewhere and 39.5 per cent will not be replacing employees as they leave.

Hiring freezes are happening across many industries.

"There's no doubt the global financial crisis has created an extreme level of uncertainty within the business community," says Nik Ruparel, Hudson's director of banking and financial services.

"The financial services profession has been particularly hard hit."

So rather than waiting for your job to disappear, why not stick it to your boss and start thinking about how your skills and knowledge can transfer to self-employment?

Many big companies, including Adobe, Intel and Microsoft, started out in recessions or economic downturns. And many successful start-ups began in garages or spare bedrooms of family homes.

Running your own business gives you the freedom to call the shots and take risks. It also gives you the opportunity to turn your passion into financial security.

Tina Radford is a 35-year-old HR professional who took the leap of faith to back herself after being made redundant five years ago.

She started the New Farm-based boutique HR Business Solutions after 15 years working for a number of national and international companies.

"I have grown up in an entrepreneurial family so I think I was destined to turn my trade into my own business.

"I think making a decision to leave the corporate life opens your mind to consider what business you would like to be in and sometimes you crave to be the master of your own destiny," Ms Radford says.

"I had the confidence to back myself, because I knew how hard I worked for the companies I was employed by, so I figured I had the right work ethic to be self employed.

"The opportunity to be the master of your own destiny and make your own decisions and be creative in the process is an intoxicating reason to build your own business."

She advises others to put ideas in writing, draft a business plan to see if the idea has legs and will work and then talk to people who are business owners.

"Ask yourself, are you prepared to work six or seven days a week for your first year? Are you totally committed? As in your first year of business you can really sacrifice your work-life balance," she says.

Ms Radford reckons your thirties or forties are the best time to step out on your own.

"By this stage you have experience under your belt, and hopefully you are mature enough to handle the responsibility that goes with owning your own business," she says.

Other considerations may be if you are made redundant and are not motivated by the idea of working in the same job even in a different place, if you are not committed to your current trade or career but are passionate about other hobbies or interests that might have legs for a business, or when you are financially secure, can access equity or have a second income to support you, as starting a business is a big investment.

Ms Radford estimates you'll need between \$10,000 and \$50,000 to start a business from scratch, but franchises can cost a lot more.

The cost of setting up a greenfield site of a national franchise is eye-watering. For example,

you would need up to \$2 million in capital investment to open a new McDonalds, plus pay the \$60,000 franchise fee.

The capital cost of a new Autobarn is up to \$600,000, Boost Juice Bar \$250,000- \$500,000, Angus & Robertson \$250,000- \$500,000, Subway \$110,000-\$325,000 and The Athlete's Foot \$250,000-\$500,000.

According to the BRW "fast franchise list" the two big money makers, or fastest growing franchises by revenue, are both Queensland-based.

They are Wayne Ormond's Refund Home Loans, which has around 170 outlets and an entry cost of \$68,200, and Go Gecko Property Sales franchises, started by Geoff Doyle, with a franchise cost of around \$60,000.

The popular Ecowash Mobile car cleaning businesses are booming, and entry costs start around \$55,000.

Big name franchising requires big bucks, generally the sale price of an existing franchise is three times a store's earnings before interest and tax plus the cost of stock.

So you can hit paydirt if your \$200,000 franchise doubles in value once it becomes profitable.

There are real opportunities for entrepreneurs with great ideas, according to Innovation Centre Sunshine Coast chief executive Colin Graham.

"In a recession there is less job security and sometimes for budding entrepreneurs who have been sitting on a great business idea for years, it is all the motivation they need to recruit themselves and become their own boss," Mr Graham says.

He says people starting a business because of a recession, or tough times, were referred to internationally as necessity-motivated entrepreneurs and he says those doing it had the strong, added motivation of wanting to take control of their lives to spur them on.

"Going into business of any kind is not a decision to be taken lightly, but if you have the right support, such as the solid business advice and support you could get from a business incubator, the rewards could be fantastic," Mr Graham says.

Australian Bureau of Statistics data shows more than 80 per cent of businesses in Australia are small, employing 20 staff or fewer.

One success story is Warren Ballantyne, the 54-year-old entrepreneur who turned in his day job as a plumber in Bundaberg and now runs a booming national franchise from his Albion head office in inner-north Brisbane.

Mr Ballantyne's simple idea to meet the demand for gutter cleaning requests has flourished.

He identified the need for a custom-designed wet and dry gutter vacuum and set about creating his niche service product called the Gutter-Vac.

Gutter-Vac sold its first franchise on the Sunshine Coast in 2000 and there are now more than 36 franchises Australia-wide, which sell for \$88,900 plus GST, with returns averaging 30-40 per cent.

For the money, you get all the tools, a trailer, uniforms, safety equipment, stationery and a week's training.

"I am stubborn and failure is not something I accept too readily, so I refused to give up.

"That's what Australians do best," Ballantyne says. "This is not about buying a job, it's an investment.

"We have a good spread of people from roof tilers to a restaurateur and we even just trained up a chartered accountant, so you don't need a trade background. They come from everywhere.

"Owner-operators get to keep about \$40 in every \$100 they make, the money is there to be made.

"My philosophy is effort equals reward and no one is successful without reward."

Brisbane-based women's networking organisation Essentially for Women provides support for those turning to home-based and small business.

Founder Lyndsey Baigent says there are many women who want or need to work, and that small or home-based business could provide the answer.

"More and more women are looking for help as the recession starts to bite," she says.

"Home business is a growing labour market in Australia and around the world, and it is primarily women who are driving this growth."

Be your own boss

- * Identify and consider the risks associated with starting your own business
- * Work out a budget, what will you need to live and how much it will cost to start up your own business
- * See the bank and organise money. If you cannot access the money you need to start the business, you'd better start looking for a job
- * Write a business plan
- * Consult with family and friends to get their opinions and support
- * See an accountant and find a lawyer and good bank manager
- * If you can afford it, invest in a business coach or join a network called TEC, get yourself a team of advisers early
- * Take a holiday before you open the doors, as it may be a long time until your next one

Source: Tina Radford/HR Business Solutions