

Unemployed Liers embracing entrepreneurship

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Amid the worst job market in a generation, increasing numbers of unemployed [Long Islanders](#) are embracing entrepreneurship as the only way back to employment.

"I like the idea of being more in control of everything," said Beth Granger of [Port Washington](#), who lost her job in a restructuring in April after 17 years with a large [Long Island](#) manufacturing company.

Granger recently visited the [Bethpage](#) office of the Service Corps of Retired Executives, a volunteer business advisory group, to explore the idea of partnering with someone to open a digital marketing agency, even while she continues to look for another job.

"What's the worst that could happen?" she asked. "If it doesn't work out, then I'll try something different."

Private and university executives who help local small businesses get started are reporting a swell in inquiries from jobless workers, like Granger, well-educated, former high-wage earners, who are thinking about being their own boss.

Another sign of interest in entrepreneurship is the new business growth on [Long Island](#) - from the unemployed as well as from those naturally struck by the entrepreneurial spirit. It is on track to be up more than 25 percent over last year, according to county data. The trend is national too, with a new study showing growth at a 14-year high.

Barry Klein, chairman of SCORE Long Island, said the percentage of jobless seeking the group's advice on how to write a business plan or secure financing to open a business has more than tripled in the past 18 months.

He said 70 percent of the people now seeking advice are unemployed, up from the more typical 20 percent.

"Previously, we had a majority of people who were working and had the entrepreneurial spirit," Klein said. "Now we have people who have been laid off, excessed or downsized, and have become discouraged."

Entrepreneurship is not for the faint of heart. For one thing, the hours are long.

"You're sometimes working 24/7," said Kim Beckers, a [Middle Island](#) resident who since 2006 has run her own home-based Internet company that builds websites for small businesses. "It's hard to close the door and leave."

And the failure rates are high. About half of new businesses fail by their fifth anniversary, according to the U.S. [Small Business Administration's](#) Office of the Advocacy. Some of the businesses with the highest failure rates include apparel manufacturing, which close at a rate of 19 percent a year, and Internet publishing and broadcasting, at 16 percent annually.

Yet the well-educated seem more willing to take on the risks of entrepreneurship.

From 2000 to 2008, self-employment increased more than 25 percent for those with a bachelor's degree and beyond, according to the SBA's Office of Advocacy. But it rose just 3.6 percent for those with a high-school diploma or less.

Seeing new highs

Entrepreneurial activity in 2009 was at a 14-year high nationwide, with the highest growth coming among 34- to 44-year-olds, according to the Kauffman Foundation, of [Kansas City, Mo.](#), which promotes entrepreneurship.

That's the demographic - with many well-educated, high-wage, middle managers - who were hard hit during the recession, said Bruce Bachenheimer, director of entrepreneurship at Pace University in [Manhattan](#). "They are not the people you generally think of as entrepreneurs," he said.

Unemployed professionals are driving the increase in the number of new clients at the Small Business Development Center at [Stony Brook University](#).

Gloria Glowacki, the center's director of operations, said would-be entrepreneurs, whose numbers are up 21 percent, increasingly say they want to start a business because their [unemployment](#) benefits have run out or they are convinced they won't find another good job at their age.

There, the number of new clients, which includes entrepreneurs and would-be entrepreneurs, jumped to 1,160 in the past 12 months, up from 959 for the same period a year ago.

Many of these new business owners fund their start-ups with money from friends and family, Glowacki said. Once businesses establish a track record of a few years, they are more likely to obtain bank financing, but that has become harder during the recession because of tightened credit standards.

Beckers, the Internet company owner, tapped her credit cards and savings to raise \$15,000 for the launch of her company. It took her two years to make a profit, she said. How long it takes a company to reach that point depends on a number of variables, including the type of business and the economic environment.

The new business trend is also evident in [Nassau](#), said Lucille Wesnofske, regional director of the Small Business Development Center at [Farmingdale State College](#). "We have definitely seen an increase in clients who are unemployed and are looking to start their own small business," she said.

Increasing interest

The new client numbers show increased interest in entrepreneurship in general: From April 2009 to March 31 of this year, the [Farmingdale](#) center saw 1,265 new clients, up 7.3 percent from 1,179 from the year before.

It's easy to understand why the recession-wracked job market has spurred many unemployed workers to consider self-employment.

As of June, the United States had 14.6 million unemployed workers, compared with 7.7 million at the start of the recession in December 2007, according to federal data. The number of long-term unemployed, those without a job for at least 27 weeks, has ballooned to 6.8 million, from 1.3 million at the start of the recession.

The still-sluggish Long Island economy just began generating jobs in the 12 months ended in April, the first time in almost two years. The May period also showed an increase, though a much smaller one.