R. Kemp

Thank you, Jane. It is my pleasure to introduce Claudia A. James. Claudia has been a successful business owner for more than 14 years. Her company, James Educational Meetings and Seminars, has been nominated twice as one of the Greater Kansas City Chamber of Commerce’s top small businesses in the area. She has written numerous workbooks and scripts for national seminar groups.

Claudia has more than 30 years of combined corporate teaching and volunteer experience. She is listed in Who’s Who in Finance and Industry, and many other Who’s Whos. Claudia is a local radio and talk show guest and recognized as the Kansas City Entrepreneur of the Week on CNN. She is an adjunct faculty member for several area colleges in the Kansas City area. She is a mentor for Wi$e Up and was, in fact, one of the first to sign up in the Kansas City region. She is also one of the original mentors for Women’s Network for Entrepreneur Training sponsored by the Small Business Administration. I could go on and on about Ms. James, but time will not permit.
In closing, I would like to say that she is widowed, the mother of two adult children, and grandmother to two of the brightest, cutest toddlers. Just ask her about those. I keep a copy of her book, *Ordinary Women, Extraordinary Success*, on my desk, and many days refer to one of its stories for motivation and energy. It is my pleasure to present Claudia A. James. Thank you, Claudia.

C. James

Thank you, Ms. Kemp. Energy is certainly one of the things that we need when we’re a business owner. Those are some of the things that I’ll talk about in my segment.

The first thing that I want to mention in general is that I’ll be talking about the innate characteristics, one of which is energy, that we need to be a success. Then I’m going to talk about the skills that we need in business to stay in business and the normal life cycle of a business and marketing our business. These are just going to be very brief segments that will give you some things to think about. Certainly as a mentor in the program, I’m more than open to talking with you one on one.

What are some of the innate characteristics? Well, Ms. Kemp is right. Energy is one of them. There are three things that people
respond to: confidence, energy, and enthusiasm. If you have those three innate characteristics, you will be a success in business.

You’re also going to need to be competitive. We live in a highly competitive society. You need to keep your eyes on the competition. Wal-Mart and Kmart demonstrate this all the time. They are constantly spying on each other, making sure that they have the competitive edge. We need to do that too. So we need a good sense of competitiveness.

We also need to be assertive. So often times I have seen business owners go into meetings and they have some great ideas that they want to get on the table, but they’re reluctant to get those out first. They wait to see if anybody else has that idea. To be a successful business owner, you need to be the one that gets your idea out first.

You also need to be persistent. In my office I have a sign that says, “I’ll never give up and I’ll never give in.” There’s a bed and breakfast here in Kansas City that’s been quite successful and they were turned down by 12 banks. On the thirteenth attempt to get financing they were able to get the money they needed to get started, and they have been quite a success. So never give up. If
you believe in your gut this is right, stay in there, do whatever it takes to be a success.

There is a book out that’s called *Good to Great*. In that book the author talks about all the companies that have gone from goodness to greatness. He notes that there’s a common thread among CEOs of these great companies. That thread is humility. That is an innate characteristic that is most beneficial when we’re starting our own business. We need to be humble in what we do. We need to be respectful in what we do.

We also need to have a great sense of humor. We need to be able to laugh at ourselves. People relax when we have a sense of humor. It’s more than telling a joke. I refrain from telling jokes because I usually forget the punch line. But it’s that smile on your face, and that warm handshake, and the way in which you accent your words, punctuate your vocabulary.

Also we need to have a positive attitude. Where does that come from? Well, I think it’s innate. I think sometimes though even in our, if it is innate for us, sometimes on those down days after we’ve made 20 phone calls and we’ve gotten “No. I’m not interested” 20 times, it’s hard to stay positive. So we’re going to
have to do things to keep ourselves motivated and keep ourselves in a positive mindset. I know my late husband had a dry sense of humor and sometimes that was mistaken as being negative. If that’s the case for you, I recommend that you kind of watch that a little bit.

Also we need to be creative. Some of us are naturally creative, and some of us have had our creativity stifled over the years. We need to learn how to play again because it’s through playing, through letting our inner kid out that we do become creative. That is one of the essential characteristics needed for a successful entrepreneurship.

We also need to be self-motivated. We’re at the top. We are at the top of our organization. There is no one else that’s going to tell us what to do. So we have to be motivating ourselves continually. One of the ways in which we can do that is by continually educating ourselves and listening in on conferences such as this.

We also are going to have to be very flexible; we’re going to have to be able to switch gears instantly. We have to read the market; we have to look at trends; we have to think ahead, be a forward thinker, and be able to flex when needed. We also need to be value
driven. I encourage all of you to take the time to articulate what your values are because it’s the values that drive behavior. In doing this exercise you will have a better sense of self because you’re going to be under a lot of scrutiny. [People] in many situations are going to be there to make negative comments about you, and you’re going to have to withstand the scrutiny. So having a good sense of self will enable you to do that.

You also are going to have to be a change agent. Even though you’re taking an old product or service that’s been out on the market, you are going to introduce it in a different way and put a new twist on it. So in that sense you are changing lives. So remind yourself constantly, “I am a change agent. I am influencing other people.” This will help your motivation.

In terms of skills that you’re going to need to be a success, you’re going to have to master your field. People look at you as an expert so you need to know what you’re talking about. You can’t bluff your way through this. If at any time someone asks you a question that you can’t answer, it’s perfectly okay to say, “You know what, I’ll need to get back with you on that. That’s a good question.” So be confident in saying that. You’re not going to have all the answers all the time, but the willingness to find out, research, and
come up with the answers that are going to help your customers become even more successful, it’s going to be a driving force in your success.

You need to have excellent communication skills, both written and oral, especially listening. Now in terms of statistics, studies have shown that we listen with 25% efficiency, obviously this is something all of us need to work on. Well, if that’s the case, that means as an entrepreneur that we’re going to have to increase our listening capabilities so that when a customer brings a complaint to us we can listen for the underlying message. If we don’t solicit our customers for complaints, if we don’t listen to their complaints, they’re going to move on. We don’t want that to happen with most of our customers.

We’re also going to have to have good sales skills. Everyone needs to have this, whether they’re in business or not. Every time you open your mouth you are selling yourself. So I highly recommend that you develop the technique of negative selling. You can actually take a class in that. You’re also going to be negotiating. I highly recommend you take some classes in negotiation.
One of our best skills is actually an assertiveness skill that we use in negotiation; it’s called the broken record. When a customer, a potential customer or an existing customer, brings an issue to the forefront, we simply state our position. No matter what they say, we continue to repeat ourselves in a nice, calm, steady voice. We do this at least three times. By that time we have broken down some of that resistance, and we can move forward. That’s just one of the many techniques that you will learn if you take a negotiating class.

Also you need to have good organizational skills to be a successful business owner. Those skills are going to enable you to manage your time wisely, and certainly and initially you’re going to put in so much time in developing your business you’re going to need to have some good time management skills.

Customer service is another skill. I recommend that you get certified in customer service. The customers are not always right. Contrary to popular belief, the customer is not always right, and it’s up to us to help them realize this and see what we can do to help them make things right.
In terms of how long is it going to take you to be a success, well, according to statistics, about 40% of all businesses fail within the first two years; 60% of all businesses fail in the first four years; 80% fail in the first five years; and 90% fail in the first ten years. That means that only approximately 10% of the businesses starting today will be around ten years from now. That’s not a real high success rate, and we want to encourage people to minimize the number of failures that are out there. [A recent analysis by the Bureau of Labor Statistics, U.S. Department of Labor, of 212,182 business establishments started in the second quarter of 1998 found that, across industry sectors, between March 1998 and March 2002, 66 percent of the establishments were still in existence two years after their birth, and 44 percent were still in existence four years after. The analysis suggests that, for most sectors of the economy, those businesses which manage to survive do grow. (Knaup, Amy E. “Survival and longevity in the Business Employment Dynamics data.” Monthly Labor Review, Volume 128, No. 5, May 2005, pages 50-56.)]

What is the biggest issue for them? It’s usually cash flow. In the first two years, that’s a very vulnerable time for a company and cash flow is a major issue. If they’re using the accrual method of accounting, they may have a very healthy balance sheet, but that
doesn’t mean that they have the cash flow. Profit, when you’re using accrual accounting, does not equate to cash; so you may have a great profit, but the cash may not be there.

So what are we going to do to generate that cash when we’re experiencing those down times? One of the first things we can do is look at bartering opportunities. This is what our nation was founded on; it was founded on bartering. So we can look for bartering opportunities. We can perhaps contact a venture capitalist. We can perhaps add a new partner. We can get grants, SBA loans.

One of the things that business owners often times are not aware of is those receivables out there that you have can be sold. You can either borrow using those as collateral or you can sell them. Now if you’re going to sell a receivable, let’s say you have a $1,500 invoice, you’re not going to get $1,500 for it. You may have to discount it by 10% or 15% or 20%; it depends on the quality of the invoice. So you don’t want these invoices to go out too far. So if you’re going to sell an AR [accounts receivable], you see a financial crunch that’s coming up, you need to get rid of those invoices quickly.
You can use them as collateral, and you can borrow usually up to 80% of invoices that are no further out than 90 days. You can get bank loans. Oftentimes banks will loan you money going against your POs [purchase orders]. You can also get a business line of credit; and you can require a down payment by your customers.

There are two other ways that people finance their businesses. I’m reluctant to mention them, but they have worked for certain people. Be careful if you do these. One of them, of course, is with credit cards; and the other is with home equity loans. Be very careful if you do those. They have worked for many small businesses and helped them through those initial years, but just a word of caution.

Marketing your business. If you are establishing your name--brand new company--and you’re just now coming up with a name, your name needs to say what it is that you do. If it doesn’t and you’re new to the marketplace, your customers, potential customers, are going to throw that business card or marketing material away because they don’t want to work too hard to find out what it is that you do. So your name needs to reflect what it is that you do.

You also need to define your market. One of the greatest downfalls of entrepreneurs is that they think everybody can use
their product. That’s not the case. There are certain people at
certain companies that will use your product or your service. So
once you define who these people are, then you need to look at the
demographics of those people.

You also need to make sure that all of your marketing brochures
create an emotional response. So it can be done with the verbiage
that you’re using or it can be done with the color that you’re using.
Unless you’re dealing with something…a company that’s dealing
with water, you probably don’t want to use blue because blue is
what? A very calming color. So that’s just an example. Color is
very important, and you need to think about that as you’re
designing your marketing brochures. If you need help with
eliciting an emotional response, you may want to outsource the
development of your marketing materials.

I highly recommend--particularly in today’s marketplace--that you
have some type of e-marketing equipment or files that you can
send over electronically. People really like that today; businesses
like that, and it’s quick. So you want to have that in addition to
your paper products.
Also you need to have a Web site. So many times you don’t get any hits on the Web site depending on your industry, but the Web site is a credibility issue. So you do want to get that established early on. You also want to network, network, network, and talk, talk, talk.

You need to develop a 30-second commercial, which includes your name, your company name, and a ten-word statement that says what you do. That is going to elicit, once again, an emotional response. Listen to these words that a company used. They gave the individual’s name, and then the company name, and then they said, “We help you earn the respect of others.” That seems like I would want to know, if I heard that, what it is they do. You see, that’s what you need with your 30-second commercials. It’s just a little ten-word sentence that you can say to somebody that is going to elicit an emotional response and get their interest up.

Then, also, with those business cards…one of the things that happens so often with our entrepreneurs is business cards. They just can’t wait to get them in somebody’s hand. So when they go to these networking meetings that’s the first thing they really push in front of people.
I recommend if you are going into a meeting for the very first time that you not take your business cards, that you simply ask the people, as you meet them, for their business card. When you ask somebody for theirs, they will usually reciprocate and say, “May I have yours?” At that point, you say, “Mine are in my office, but I’ll be glad to mail you one.” Then when you go back to the office and you mail them a business card you can also mail them your brochure. So it’s a great way of keeping your name in front of them. On your second and third encounter I recommend you take your business cards, but not on the first encounter.

Gosh, there’s so many more things that I could tell you about entrepreneurship, but I will sum it up by saying be prepared to work 24/7 initially and during those valley times. I will sum it up by saying it is worth every ounce of effort that you put into your business.

J. Walstedt Thank you so much, Claudia. Boy, you squeezed a lot into your ten or, I’d say 13 minutes, but thanks a lot. A lot of food for thought. Now I’d like to turn the call over to Jacqueline Cooke, the Regional Administrator for Region I of the Women’s Bureau in Boston, to introduce our next speaker. Jackie.