

Bad Corporate Endings Yield Startup Success Stories

UNEMPLOYMENT, SMALL BUSINESS, LAYOFFS, ENTREPRENEURS, STARTUP COMPANIES

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Jim Woods used to be a commercial real estate analyst for **Deutsche Bank** in San Francisco. Now he runs his own fledgling company selling organic, naturally-caffeinated beer.

Cheryl DelMastro's real estate agency and her 22 employees fell victim to Florida's housing bust. Now she's running a successful firm selling baby socks to the likes of **Target**, **Shop-Rite** and **Duane Reade**.

Maxine Tatlongari(cq) went from the American Cancer Society, where she was laid off after 11 years as a fundraiser, to running her own company that sells vanity mirrors and makeup tables.

All are members of the new class called "accidental or necessity entrepreneurs," people forced out of work by the recession who have started up their own ventures.

They've also decided they rather be their boss than be subjected again to the indignity of a corporate layoff or buyout.

And their numbers are certainly growing, according to the Kauffman Foundation's latest Index of Entrepreneurial Activity.

Through three quarters of this year, the average percentage of job seekers starting a business increased to 8.99%, compared to 5% for all of 2008, according to Challenger, Gray and Christmas, a global outplacement consultancy.

That's consistent with 2008 Small Business Administration data showing that the number of self-employed people grew by a record 8.1 percent, about three times the historical average.

LegalZoom.com, the online legal document service, says the part of its business that helps new ventures was up 10 percent in the first half of this year.

Jim Woods launched his **MateVeza** brand of beer while he was still working for Deutsche Bank, working nights, weekends and vacation days.

The beer, brewed with the South American Herbal tea yerba mate, was named one of the Top 25 Beers of 2007" by Draft magazine. Confident of his beer and its distribution network, he plotted his exit from Deutsche Bank.

When Deutsche started cutting jobs to cutting jobs, Woods politely asked his boss to lay him off. He got his wish in August.

"After receiving my severance package I turned around and wrote a check to the brewery for beer I had recently brewed," says Woods. "I've set out now to bring my organic, naturally caffeinated yerba mate ale to the masses."

Cheryl Del Castro wasn't about to be a recession victim, either.

"I chose to reinvent myself," says DelCastro. "Turning a negative into a positive was my mission in becoming a 'mompreneur.'"

She used her experience raising three children and came up with a baby sock with an adjustable Velcro strap, which prevents children from removing the sock. Eighteen months later, the socks are a national hit.

"I knew I could find a promising future in spite of the economic times," she says. "So many people are now reinventing" themselves. Whether going back to school or changing industries, we are reassessing our direction and purpose in our lives."

One thing Maxine Tatlonghari knew how to do was raise money. But instead of raising it for the American Cancer Society as she'd done for 11 years, she began to do it for her own startup company, Vanity Girl Hollywood, which she launched in February.

"While I was upset at the time, I now see it as a chance of a lifetime," Tatlonghari says. "I was always an entrepreneur at heart, and this gave me a much-needed kick in the pants to get my business off the ground."

Starting a small business, particularly in the midst of a recession, is a huge gamble.

Only two-thirds of them survive two years, according to the Small Business Administration. That survival rate falls to 44 percent at four years, and to 31 percent at seven years.

The National Federation of Independent Businesses estimates that over the lifetime of a business only 39% are profitable, while 30% break even or lose money.

But such daunting statistics are not enough to dissuade some when jobs are few and hard to find.

Take Ken Hoeg. Until mid-June, he led a team of developers at the major payroll company **Automatic Data Processing**. After 14 years with the company, his job was eliminated in a reorganization.

Since 1988, however, Hoeg had been a civilian volunteer with the U.S. Coast Guard Auxiliary, working as an aircraft pilot, whose duties included aerial photography.

As a result he founded AirEyes, through he offers his photo services in four states.

"There was a lot of soul-searching, and thought about what motivates me and makes me happy," Hoeg said. "There was, of course, concern about leaving the perceived safety of working for a large corporation. Much of that perception is a mirage. In a large corporation one gives up much of his self-determination. My advice to others would be to find something you're passionate about, study the market and the competition and don't give up."

As is the case with many people who lose their jobs these days Sherri Cappabianca saw it coming and began to prepare her second act.

When she was laid off as a software engineer for **Siemens** in Orlando last March, she jumped into her own business as a "canine wellness practitioner," doing massage, acupressure, even aromatherapy, for dogs.

"I actually started it part-time prior to getting laid off knowing that the layoff would eventually come," she says.

Since starting up **Rocky's Retreat: Canine Wellness & Healing Therapies**, Cappabianca says she's learned a variety of skills, from sales to marketing to public speaking.

Most importantly, she has learned: "In following your passion, anything and everything is possible. Being a former engineer, I've stepped completely out of my comfort zone by starting this business," she admitted. "But it's been one of the best things that's ever happened to me. I don't ever want to go back to software, I love working for myself and helping improve the quality of life for people and their dogs."

Cynthia Jermin was downsized from her post at a multinational investment bank in June.

A working mom, her childrearing routine suggested a product. With a son in daycare, she searched the market unsuccessfully for suitable "nap time" materials. Now her company, Royal Nap Mat, sells an all-in-one boutique bag carrying a quilted mat, pillow and fleece blanket.

"Life is about moving forward and responding to what comes your way," says Jermin. "If the door closes, perhaps it is your opportunity to finally live the life you really want to. For me it was entrepreneurship. Wall Street firms were reducing the staffs, therefore, it was wise for me to have a plan B."

Some laid-off entrepreneurs have gone the franchise route, taking their severance money to open a new branch of an established business.

In November 2008, Joseph Gliottone was let go as senior vice president at Boston-based ad agency **Arnold Worldwide**.

"After six and a half years at Arnold and more than 30 in the industry, I felt it was time to do something completely new and different," says Gliottone

He launched DoodyCalls, a pet-waste removal business. With help from the parent company, Gliottone has carved out a business scooping poop from residential properties and selling, installing and servicing pet waste stations for homeowners' associations and apartment complexes.

"Did I ever envision myself getting into this business? No," he says. "But the pets-services industry is still booming and, much unlike advertising, this is a business that will never be dictated by technology. While it certainly is a 'slightly different' business venture to pursue, I am proud to say that I'm number one in the number-two business."

Ric(cq) Franzi bought a franchise for **Renaissance Executive Forums** in Orange County, where he had been general manager for a division of the troubled Delphi auto parts company.

"I knew my job at Delphi was going to disappear," he explained. "At 50, I was leery to jump onto another corporate treadmill. I'd once dreamed of owning my own business, but never taken action. Was this the nudge I needed?"

Franzi had been an enthusiastic member of a monthly businessmen's peer group, and thought he could make a difference in how executives interacted with each other and made decisions.

He partnered with an executive coach and bought a franchise, now the fastest-growing one in the Renaissance system. Members pay dearly to attend his monthly, half-day, round table sessions. His clients range in size from bosses of small- to medium-sized businesses to CEOs of companies with revenue in excess of \$500 million dollars.

"Thank God I let Delphi go" Franzi says. "It allowed me to finally let go of my fears and find my true passion and purpose in life."

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