

## Removing Obstacles to Business Ownership *Overcoming the “FUD Factor” is an Important First Step*

Reality TV. Over the last five years, producers of these shows have treated viewers to a steadily growing diet of bungee-jumping, insect-eating and love-starved thrill seekers. Why is this programming phenomenon so popular? Perhaps it's because audiences enjoy celebrating those who succeed in the face of insurmountable odds. Or maybe viewers also find comfort in the knowledge that “Average Joes” usually fail at tasks they themselves would never accomplish or even attempt. Whatever the attraction, all these shows have one common characteristic: They prey on the fear, uncertainty and doubt of the contestants – and ultimately – of the viewing public.



This was never more apparent than last year when TV producer Mark Burnett teamed up with Donald Trump to create *The Apprentice*. They banked on their belief that FUD (Fear, Uncertainty and Doubt) runs rampant in the business world. And anyone who has worked for a company knows that Bennett and Trump were right on target. Today more than ever, Corporate America is the world's biggest FUD breeding ground, and even those who may never hear “You're fired!” live in constant fear that they will. In fact, a better name for the hit show might have been *FUD Factor*!

Of course, fear, uncertainty and doubt are not reserved only for those who work for others. Entrepreneurs who want to own their own business always suffer an *acute* case of FUD, at least at the beginning.

- ◆ They FEAR failing
- ◆ They are UNCERTAIN what it is they want to do
- ◆ They DOUBT their own abilities



Ironically, it is these factors that keep them from moving forward at all -- and thus prevent them from changing their circumstances for the better. Thus, overcoming the FUD factor is usually a necessary first step to achieving business success.

Ask any business owner. They will admit to dealing with FUD when they began, and they will also tell you that they *still* feel it from time to time – even after years of being in business. After all, business conditions – just like job circumstances – constantly evolve and change.

At Franchise Consultants, Inc., we always ask clients how long they have been searching for a business to own. We often hear “4-5 years” or “it's been a lifelong dream”. In reality,

these clients haven't actually been *searching* for a business for that long; they've been *thinking* about it. Unfortunately, to think too long about doing something often becomes its undoing. We know that they've *imagined* owning a business for a long time, but fear, uncertainty and doubt have kept them from actually taking themselves seriously. Thus, they are absolutely correct on the second point: It will be a lifelong dream – never a reality – until they overcome the FUD factor.

So how have successful business owners done that, and how can you achieve it as well? Let's break it down. FUD (when applied to owning a business) is usually comprised of many factors that STOP people in their tracks. We've listed them here along with reasons why each factor may be more *myth* than reality:



## **I DON'T WANT TO FAIL!**

A U.S. Small Business Administration study conducted from 1978 to 1998 found that 62% of non-franchised businesses *failed* within the first 6 years. A 1999 study by The United States Chamber of Commerce found that 86% of franchises opened within the last five years were still under the same ownership and 97% of them were still open for business. Additionally...

- ◆ Franchise businesses account for about 50% of all retail sales in the US and employ more than 14 million Americans.
- ◆ More than 75 industries use franchising to distribute goods and services to consumers.
- ◆ Total sales by franchised businesses are projected to reach \$1.7 trillion this year.
- ◆ One of every 12 businesses is a franchise and a new one opens every 8 minutes of every business day.
- ◆ In 2000, the median gross annual income, before taxes, of franchisees was in the \$75,000 to \$124,000 range, with over 30% of franchisees earning over \$150,000 per year.

No one *wants* to fail and few can even afford to. The bottom line: Franchises have a 97% success rate. Most people can't even predict that they can keep their jobs with a 97% certainty! Can you?



## **I CAN'T AFFORD IT!**

Any business requires some investment, no matter how small. And to a certain extent, it is true that it takes money to *make* money. However, keep a few things in mind.

First, most people assume that going into business for themselves will take a *lot* of money. Though that's possible, it's not always the case. We know of many businesses – legitimate ones, for sure – where the investment is as little as \$10,000.

Another myth suggests that the amount of money one makes from a business is directly related to how much they invest. Again, not true. You can spend very little and make a fortune. Or you can invest huge sums and make little to nothing. The profitability of your business depends on many other factors.

Finally, remember that few businesses are started solely with available cash. In franchising, an average of 75% comes from loans secured from the Small Business Administration, the franchise itself, or from other lending institutions. And those sources are usually happy to finance franchise businesses, because they know they are investing in a proven business model that is successful 97% of the time.



## **IT'S NOT THE RIGHT TIME!**

Change is just downright scary for most people. No matter how unsatisfactory their circumstances are, at least they know what the negatives are. So they are happy to take Mark Twain's advice: don't put off until tomorrow what you can put off until the day *after* tomorrow! And though many experts advise that there is never really a bad time to start a business, most people pretend there is never a *good* one. Or if there is, it's not *now*.

In 2001, a cute romantic comedy, *Serendipity*, told the story of a young couple who missed a fleeting chance to be together. For years afterwards, everything they saw and did reinforced that they should be together, and by the end of the movie – they were.

Unlike books and movies, such signs seldom happen in real life. Unfortunately, those who wait for divine guidance or a bolt from the blue to tell them the time is right to start their own business will have a very long wait.

But here's the good news: it's never too late to start your own business, no matter how old you are or how long you've put it off. Though no one can go back and make a brand new start, anyone can start from *now* and make a brand new ending. Just remember, putting off an easy thing makes it hard; putting off a hard thing makes it impossible.



## **I HAVE NO IDEA WHAT I CAN DO!**

People who do their jobs well (for others) often lose confidence when it comes to doing that job for themselves. And it's certainly possible that what you've done as a job is not, by itself, a viable business. What's important, however, is that your skills are transferable. Are you organized? Good with people? Energetic? Those are all great skills in running any business.

Rest assured that franchises do not insist that you have specific industry experience (and some even prefer you don't!). In fact, more often than not, franchisees choose businesses that reflect their interests – not their professional backgrounds. And the very nature of franchises – a proven system with excellent training and ongoing support – makes this possible. In fact, here's how a florist business we represent describes it:

“Our Franchisees have diverse backgrounds: military, construction, law, nuclear power, engineering, hotel, teaching, pilot, finance, marketing, high-tech, retail, & more. Educational degrees range from high school to PhDs, although none is required.”



## **OTHERS HAVE DISCOURAGED ME!**

People are always happy to share their opinions, even when you don't ask for them. Sometimes those opinions are valid and helpful. At the same time, they can be discouraging.

When considering a business of your own, *always* seek the opinions of others and *always* consider the source. And always remember that the world is full of both optimists and pessimists, and people sometimes have a vested interest in being one or the other.

Input from friends is valuable, but can be discouraging if they are jealous that you are making positive changes that they not willing to make themselves. Input from immediate family members is valuable, but can be discouraging if they depend on your current income. Input from relatives is valuable, but can be discouraging if they suspect you will ask them to help finance the business.

The most valuable input you can solicit is from people who *already* own their own successful businesses. These opinions tend to be accurate, realistic and without bias. They also tend to be optimistic and positive. In fact, people who have started their own business usually have one common regret: that they didn't do it ten years earlier. If these people already know *you* – even better. Then they'll be able to compare your strengths and weaknesses with those they know are needed to run a business.

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**Y**ou can likely identify with the FUD factors we've listed. And hopefully, the descriptions we've included will help minimize your own fear, uncertainty and doubts. But let's be realistic. Though the first letter of FUD stands for Fear, a certain amount of that trait isn't *all* bad. Just remember two things:

## 1. **There is a middle ground between being fearful and foolhardy**

And that's called being *cautious*. Starting a business is a big step, but there comes a time when big steps are required. After all, you can't cross a chasm in two small jumps. But big steps should be made carefully and cautiously. Evaluate all your options. Take the time you need. Be patient. Be sensible.

Most of all, just be cautious. Vision without action is a daydream; action without vision is a nightmare.

## 2. **There are good reasons not to own a business**

Just make sure they are *reasons* – not excuses. It's been said there are 3 types of people: those who *make* things happen, those who *watch* things happen, and those who wonder *what* the heck's happening. If you are not the first type, then you have a good reason not to own a business.

Also, face the fact that there *is* work involved. And there's no faking it as a business owner. Hard work spotlights the character of people: some turn up their sleeves, some turn up their noses, and some don't turn up at all. Again, if you're not the first type, you have another good reason. As Vince Lombardi once said, the only place *success* comes before *work* is in the dictionary.

In summary, FUD -- if allowed to prevail -- only breeds one thing: more FUD. The measure of your success usually comes down to who wins the battle that rages between the two of you. The 'you' who wants to procrastinate, give up or take it easy, and the 'you' who chooses to beat back that which would stand in the way of your success -- fear, uncertainty and doubt.



Goals are actually dreams with deadlines. For others, owning a business *will* be a lifelong dream. For you, it should be a goal -- one that you can reach this year. Here's wishing you a successful and prosperous 2005!

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*We are an affiliate of the world's largest franchise consulting network with more than 25 years experience helping entrepreneurs like you find and own their own businesses.*

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