

<sup>45</sup> Pruden packs years of business lessons learned into one easy-to-read, invaluable book. I highly recommend you avoid the pitfalls she describes and instead, let *Formerly Corporate* be your go-to guide to 21<sup>st</sup> century business. <sup>46</sup>

- Ivan Misner, Ph.D., NY Times Bestselling Author and Founder of BNI®

# FORMERLY CORPORATE

*Mindset Shifts for Success  
in Your Own Business*



By **Lorette Pruden, PhD**



After 25 years as a business journalist, writing about why “formerly corporate” entrepreneurs succeed or fail, I read this book with delight. Pruden dispenses pungent warnings (business owners can often “smell the formerly corporate a mile away” and “Blunt advice here. You have to sell something.” She has savvy suggestions for ways to meet potential clients, and to consult without “giving away the store.” Pruden helps would-be business owners clarify their goals, clearly explains the standard solutions, and adds her own out-of-the-box ideas.

*Barbara Figge Fox  
Journalist & blogger at  
[www.princetoncomment.blogspot.com](http://www.princetoncomment.blogspot.com)*

If you don't know what the Entrepreneurial Mindset feels like or sounds like, read Pruden's book. It will help you screen-in how folks get paid, and separate in your own network the entrepreneur with a business plan from the job seeker with only a resume.

Whether you start a venture or want to back an entrepreneur you trust, you'll start by generating your own paycheck and create options through which to flourish. Before hitting the Venture Capital circuit, invest in this book to nurture your own right mindset for success and cultivate like-minded others.

*Dan Conley,  
OnCallCFO for Fundable Teams,  
VenturEvaluator for the Angels & LifeInfoSci  
Investors Network, NJAngels.net  
Lead Advisor for Entrepreneurs University  
programs*



Lorette Pruden's new book, *Formerly Corporate: Mindset Shifts for Success in Your Own Business* will resonate with you (is a MUST read) whether you are just starting out in your first non-corporate adventure or you are already a "Conquering Entrepreneur." The gut punching questions and lessons must have been hard earned to enable her to offer the reader the insights and truths she so clearly provides!

Whether you are "hearing" for the first time, or just now realizing an entrepreneur's primary mantra, you must embrace the reality that you must "know what you don't know" and "find somebody that does", if you are to succeed as an entrepreneur.

*William Brown*  
*SVP - USA Practice Leader*  
*International Center for Executive Options*  
*Lee Hecht Harrison*

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By Lorette Pruden, Ph.D.



Open Door Publications, LLC

FORMERLY CORPORATE™  
Mindset Shifts for Success in Your Own Business

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# SECTION ONE

## What Happened?

*The working world will never be the same*

# INTRODUCTION

The beginning of the 21<sup>st</sup> century has brought enormous change to the corporate landscape. Many of the great corporations of the last century have merged beyond recognition or are flat-out gone. And so are millions of corporate jobs. For example, in the mid-1980s, before the downsizing tsunami hit, both Exxon and Mobil had more than 180,000 employees each. They were the Number One and Number Two oil companies in the world when they merged in 1998 to become ExxonMobil, with a pre-merger total of 122,700 employees. Two years later, the number was down to 99,600, and the 2011 Annual Report of ExxonMobil reports 82,100 employees, less than a quarter of the total number of employees they had had in the 1980s.

The oil industry is just one example of how corporations are hiring fewer employees today. High tech industries are the oil companies of the 21<sup>st</sup> century, and they typically have thousands fewer

employees than the traditional businesses of the mid- and late 20<sup>th</sup> century. Google, for example, had a little more than 30,000 employees in the third quarter of 2011. The net jobs lost since the Great Recession began in 2007 exceeds 8.8 million.<sup>1</sup> The percentage of the population employed dropped like a drone hit it. “In the four years following June 2007, the volume of business loans under \$1 million fell 13%.”<sup>2</sup>

But the people haven’t gone. Where are they?

Right next door perhaps, or at the holiday dinner or unloading their kid’s dorm stuff in the line right behind you. They may be at the gym, if they can still afford it or are still in denial that they can’t, or walking in the neighborhood if they are more frugal or realistic.

We expect the unemployed or underemployed to look different—but they do not. In the suburbs and the exurbs the unemployed and the underemployed look just the same as you and me. Ordinary people, many well-educated and highly trained, hard and earnest workers, who had “good jobs” a few years ago, are the new unemployed. They are:

- The commercial loan banker with no loans to make.
- The creative director of a regional public broadcasting station that needed “fewer creatives.”
- The global outsourcing director who has

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<sup>1</sup> [http://en.wikipedia.org/wiki/File:US\\_employment\\_1995-2012.png](http://en.wikipedia.org/wiki/File:US_employment_1995-2012.png)

<sup>2</sup> <http://www.forbes.com/sites/joelkotkin/2013/03/13/wall-streets-hollow-boom-with-small-business-and-startups-lagging-employment-wont-pick-up/>

been deemed redundant.

This book is not generation specific—the stories come from Baby Boomers, Gen X and Gen Y business owners. If you worked in a corporate job, or for someone else, before you started your own business, if you don't see W-2 jobs in your future—and you want your business to thrive, read on.

Since I am a boomer, though, I'll start with that story. In the 1970s, '80s and '90s, they worked Plan A—went to college, maybe got advanced degrees, went to work, did well, got promoted. They got married, had two kids, bought cars and houses. A lot of social changes swept them along, but they were living the American Dream. They worked for wages—W-2 wages. But that career—and that dream—and that way of getting paid ended. The company downsized, was bought, just plain folded. “We're sorry—it's not you. We just don't need so many people anymore,” was what they heard—often two, three or more times. The retirement age increased to 66, then 67...but there were no jobs to retire from, and who could afford to retire, anyway?

What are they doing now? Many of them tried Plan B—they became small business owners or independent contractors. They got paid on the sales they made: in cash, or credit cards or as 1099s. Or not at all.

Byron Vielehr, president of global risk and analytics at D&B, wrote: “...2009 and 2010 bore witness to the highest percentage of startups in more than a decade. The rate of new businesses had also been steadily climbing since 2006. As a result, the number of businesses in 2010 compared to 2007 is

higher.” Even though, as he also says, the rate of business failures almost doubled between 2007 and 2009.<sup>3</sup>

Who started those businesses? Many eager or reluctant entrepreneurs are Formerly Corporate™ employees who took the severance package and the home equity loan and maybe drained the 401(k) to start a business. Building on their knowledge and experience, their drive and work ethic, their desire to stay rooted in the community they had lived in for years, they started service businesses, bought franchises, created alternative health practices, went into cooking or gardening or music as revenue—generating activities rather than hobbies.

I’ve said somewhat jokingly for years now, “Scratch any new (or five-year-old) small business owner in our New Jersey area and you’ll find a Formerly Corporate™ chemical engineer, telecom worker, IT professional, administrative assistant, or other corporate worker.” Then it was insurance and pharmaceutical and financial industry ejects. Now they have been joined by bankers, investment brokers and other employees from industries that were once considered “safe.”

It doesn’t matter what profession these Formerly Corporate™ employees came from. The jobs may change according to where they live, but the phenomenon is the same. If there’s no job available, the enterprising person makes one!

For some, the transition has gone smoothly. They

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<sup>3</sup> <http://upstart.bizjournals.com/resources/social-media/2011/05/20/number-of-small-businesses-rose-since-recession.html?page=all>

had a family background in small business. They had already owned a side business for a while. They bought into a really good franchise. Or they already had all of the skill sets they needed to make their new business a success.

For others, Plan B hasn't really worked out. Crucial business skill sets such as marketing, sales or the ability to influence others were insufficient or nonexistent. Customers were elusive. Funds didn't last as long as needed. Credit and home equity and the value of the stock portfolio all evaporated in the aftermath of 2008.

Although mortgage rates are at historic lows, the Plan B business owner can't refinance or get an additional loan for her business. The business cash flow might be working, but she can't show contracts that guarantee future revenues. For mortgage workouts even to be considered, infinite documentation is required, including even the advertising pages of bank statements with no financial information on them. If you didn't send that, please resend everything! By the time all the requested info is submitted, resubmitted and re-resubmitted, another month (or two or six) has gone by. Now bank statements, P&L statements and various affidavits required "for the underwriters' review" are needed for these new months that have passed.

Banks are sitting on money earmarked for small business loans, insisting on extremely rigorous qualifications even for established businesses, never mind a start-up or someone with less than two years of profitable operations.

Does this sound like you? The kids are in college

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or just about ready to start. Increased life expectancy means you have another 20 or 30 or 40 years ahead of you. Plan A failed, Plan B hasn't gone as expected—the ship has run aground. What's next?

This book is for those of you who are moving on. The Formerly Corporate™, and I am one of them, have a choice: You can stay stuck right where you are, without a corporate job, without a viable business and without a viable plan. Or you can change something. If you are serious about making the small business you started in Plan B a success, and if you are serious about providing for your family and about re-funding your investment accounts for the later stage of life, this book is for you. I'll tell you how to move from Plan B to Plan C. That's where you, the Formerly Corporate™, becomes a Conquering Entrepreneur.



# CHAPTER 1

## Different Universe, Different Game

### The first day of your new business

Let's say you managed a \$1.5 million department in your corporate job. Not huge, but with a dozen or so employees to deal with, internal customers and some cross-functional responsibilities. You had a boss, some peers in other departments, some structure to your time and a paycheck that showed up every two weeks.

There were challenges, certainly: corporate politics, personnel squabbles, getting the department's job done. You probably thought it was pretty tough—until you moved from Corporate Way to Main Street.

Now let's say you are Formerly Corporate™ and starting a business for yourself. The Small Business

Administration has traditionally called a business small if it has under \$500 million in revenue. Compared to Walmart or Google, that is small. Another group of small to mid-sized businesses fall in the \$2 to 20 million range. These owners have figured out a lot about running a business—a whole business. However, most small business start-ups never reach \$1 million in revenue. In fact, there are contests, awards and other recognition for businesses that reach that milestone.

So let's say you'd like to run a \$1.5 million business for yourself. Based on our comments above, this would be a substantial small business. You ran that department, right? In fact, you ran it very well, with high productivity, stellar quality and excellent returns on the corporation's investment. So what can be so hard about becoming a small business owner?

I bet this is what you imagined Plan B would look like: Provide a fascinating product or service you are passionate about, no boss, no pesky competitors vying for the next promotion, fewer employee headaches, customers flocking in, more time to do what you like and profits that are all yours.

**No boss!** It's your business. That's so attractive to many new entrepreneurs that it's often the driving force for taking the leap of faith. That faith in yourself reflects your confidence, your enthusiasm, your willingness to take risks.

**No peers.** No pesky competition for the next promotion from the department head next to you.

**Fewer employees.** Maybe none at all. You can

use freelancers, or independent contractors. Just when you need them. Just the ones you want. You'll be able to choose who to work with, not have them thrust upon you.

**Flocks of customers.** You know the kind of people you'd like to work with, the "ideal target" for your business. You know where they congregate. They will find you and be eager to do business with you.

**Your time is now your own.** True, you can arrange to play golf or attend the kids' activities. If others are working on your behalf, so much the better. You may arrange your business so working mothers can bring their infants to work like a friend who built and sold The Natural Baby Company in the 90s. Or plan to work the 4-hour work-week like Tim Ferris.

All this is possible, but there's a lot more to it than meets the eye.

## Reality is setting in

The boss may have had a bigger picture for what you could achieve, and some coaching skills and connections to help you achieve it. She might have challenged you to stretch, to learn, to try new things.

Without peers, there's no one to run things by, and no go-to person for the expertise you never developed when you worked in a distributed responsibility setting such as a corporation.

Without employees you have to do everything yourself. With them you have to pay their full salaries, benefits, and taxes. There's a sea of regulations to

navigate, and *you* are now the HR department—along with all your other duties, of course.

The paycheck that goes to your employee every other week is now your responsibility. You have to get revenues to fund it, then write it and mail it yourself (unless you have wised up and hired a payroll service to do it). Your own check may not show up at all! Or stay in the desk drawer uncashed, in order to keep the ship afloat.

Has anyone said to you that all you need is the first client, and that once that happens, referrals will come streaming in? Not so much. Encouraging people to refer business to you is a skill and an art form. You need to develop it. And remember the “no competitors” thrill? True, they are not at your elbow in the workplace. They are at the same places you go, vying for your prospects.

Structuring your time turns out to be crucial. What to do first, then next? Modern life has been called ADD-inducing. The personality traits of many entrepreneurs lean in that direction anyway. Setting priorities and clear goals and sticking to them require focus, which is hard to maintain. “You’re not the boss of me!” becomes a hollow cry.

And profits may be hard to find.

Having rebelled against the boss, the structure, the peers and the workers, many small business owners find they have to replace all of those functions to become successful in business. This may be why executive and business coaching, peer advisory groups and co-working spaces have become growth industries

in the 21<sup>st</sup> century. It's lonely at the top.

The small business owner lives in a different universe from corporate America. Contrary to the recent Supreme Court decision, corporations are not persons. And the people who work on Corporate Way have no idea what life on Main Street is like. I heard an experienced small business owner say once, "So you managed \$1.5 million *that someone else gave you?*"

Big deal, was his unstated implication. Go bring it in yourself and manage it. Then we can talk.

If you are a Formerly Corporate™ person now in business for yourself, you have a brilliant opportunity to shine in a new society, and a lot to learn. If Plan A was your first career, and Plan B was the first business you started or the first business model you tried, **Plan C is what you do now with all that you've learned and digested.** It's what you do next, now that everything is different.

## So just what is your Plan C?

It is your new plan to build a better business. Using the successes and failures you already have under your belt, Plan C means getting real about the rules of the game and building the team you need—not just to play that game, but to win it!

The Conquering Entrepreneur plays the Plan C game for real—for real money, for real influence, for real impact.

A next step, a new decision for your business, lies

just in front of you. You see a crisis. You see an opportunity. Perhaps your customers are too few or your employees too many. Perhaps you've come across a possibility that requires you to invest money you don't have in hand. Perhaps your partner wants to pull out. Perhaps you have so much business you have to hire—but who? And for what position first?

It's exciting. It's frightening. It's necessary to change. For your business to succeed, you need to rethink, retool and, most importantly, reengage yourself. What's next?

Given all you've learned from Plan A and Plan B, it's time to strike out in a new direction for the next phase of your business.

What are your thoughts at this point? They probably range from "I'll do it!" to "I can't do it" and back again. But you must make a decision.

BASED ON WHAT? That is the key question. Whatever the decision, you know this:

**The old rules, from the old game, don't apply**, at least not directly. You have smacked right into the mindset shifts you'll need on your way to becoming a Conquering Entrepreneur:

- Your corporate experience is worth less (and more) than you think.
- You're playing a new game with new rules.
- Entrepreneur Land will be lonely if you let it.