

By BELINDA FUCHS

# QUITTING' TIME

WANT TO RUN FROM YOUR CUBICLE AND NEVER COME BACK? HERE'S HOW TO LAUNCH YOUR OWN BUSINESS WITHOUT COMPROMISING YOUR FINANCIAL SAFETY.

Countless big-name women have followed their dreams and become incredibly successful entrepreneurs: Oprah Winfrey, Martha Stewart, Jenny Craig, Coco Chanel, Estee Lauder. And more of us do it every year. According to the Center for Women's Business Research, between 1997 and 2006, the number of majority women-owned businesses increased 42 percent. If they can do it, you can, too. Right?

Maybe. But it's scary to put your money where your dreams are. Though it's thrilling to think of leaping from worker bee to master of your own destiny, most of us are terrified to leave a steady paycheck, benefits plan, and 401(k). Possibly even more frightening is the idea that if we start a business and that business fails, then we're failures, too.

That emotional struggle is one faced by every innovator; trust that if you choose to strike out on your own, with a clear purpose, you'll find the courage to address it. Just be sure to set up your financial safety net before you leap to ensure that shaky finances don't put you out of busi-

ness before you get a chance to succeed. Here's how:

**1. Follow the money trail to the end, before you start at the beginning.** Running your own business has endless upsides for your financial future, as profits add up much faster than wages. However, there is a downside: When your monthly income is no longer assured and the expenses keep piling up, each day may feel like uncharted financial territory. In your initial business plan, determine what level of revenue is required to keep your business running smoothly as well as to support your personal needs, and be sure you understand how you'll meet that requirement. Figure out how much you will invest in the business.

**2. Consider staying in your current role or working a part-time job.** Unless you're fabulously wealthy, you'll likely need some extra security while you set up the foundation for your new business, at least to maintain your benefits and pay your bills on time. A little extra income won't hurt, either; if you don't have

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enough cushion to spend early on for business-building necessities such as marketing, you may literally pay for it later with delayed profits or business failure. And while you're still employed, consider buying supplemental disability insurance, known fondly as "paycheck insurance," as it's very difficult to get without a stable verifiable income. Once you're on your own, maintain it to provide coverage in case you become unable to work.

**3. Start with more than six months of savings, and embrace easy money.** Socking away enough to cover a half-year of

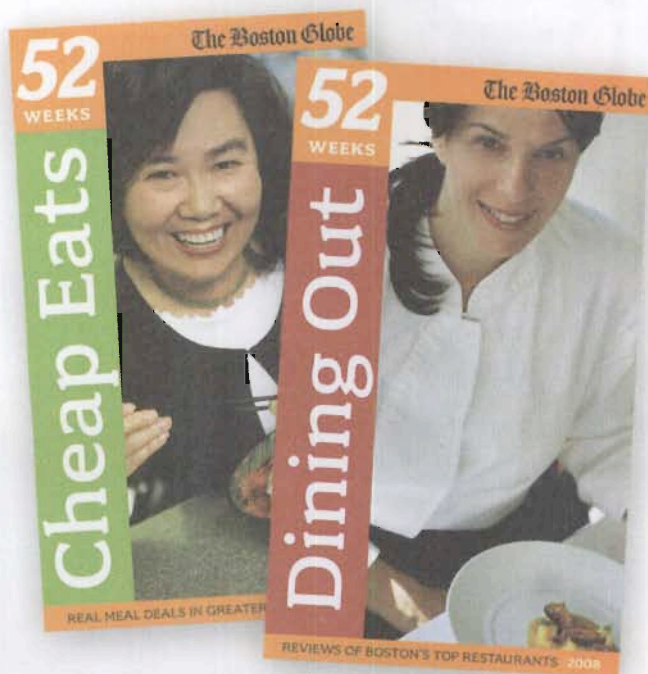
your basic expenses will provide you with the flexibility to make well-considered decisions for the long term. Meanwhile, look for low-hanging fruit to bring in money quickly; accept that not every revenue opportunity will match your ideal business picture.

**4. Set up a bank account and credit card for your business, separate from your personal accounts.** This will help you track deductible expenses. (These may include your cellphone, education and the related travel, supplies, networking events, subscriptions, and work-related mileage.) Also, consider seeking outside funding

for your venture instead of maxing out your personal credit.

**5. Build a brain trust.** Come on, you can't be expected to know *everything*. So when all the decisions are on your shoulders, it's good to rely on a team of advisers who have the knowledge you need. Peers can also prove invaluable for constructive feedback and independent perspectives; be on the lookout for people who have traveled similar paths, and ask them to share what worked.

**6. Don't get sick over health-care costs.** Yes, you're going to miss that friendly HR rep who



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**7. Embrace your inner IRA.**

When you're self-employed, building your retirement nest egg

is your responsibility. Consider opening your own Individual Retirement Account (IRA) or another pension plan. Each has different contribution limits, income limits, and tax consequences, so consult your accountant or financial adviser for your best option.

**8. Take the law into your own hands.** Consider a legal structure based on the legal protection your business needs. You may want to set up a DBA ("Doing Business As"), single-member LLC ("Limited Liability Company"), and an S Corporation. A one-hour conversation with an attorney on

legal structure and trademarks can be a great business investment.

Helen Keller said, "Life is either a daring adventure, or it is nothing at all." Many entrepreneurs work harder than they did when they were toiling for a boss, but with greater rewards – financial and otherwise. By establishing a safety net, you can ensure a safe landing when you leap into your daring new venture . . . as well as a head start on success.

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*Belinda Fuchs, a CPA, is the founder of OwnYourMoney.com, a financial coaching and education firm based in South Boston.*

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