

Cute Little Store

*Between the entrepreneurial dream
and business reality*

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Introduction

“Entrepreneurship is working 80 hours a week so you don’t have to work 40 for anyone else.” - Corporate CEO Ramona Amett

The purpose of this book is to give you some idea of what to expect (not to depress you) if you decide to become a small business owner. It might, however, convince some people not to go into business for themselves.

Look at the statistics. In 2004, it was estimated that 580,900 new small businesses (“new firms” according to the U.S. Small Business Administration) were created. But in that same year, there were approximately 576,200 closures and 34,317 bankruptcies. In 2002 and 2003, there were also more closures than there were new firms.

The SBA maintains a website (www.sba.gov) that anyone contemplating starting a new business should use as a source of research. If you browse through the “Office of Advocacy” section (that’s a good source for small business statistics) their FAQ page states that:

“Two-thirds of new employer establishments survive at least two years, and 44 percent survive at least four years, according to a new study. These results were similar for different industries...

Earlier research has explored the reasons for a new business’s survivability. Major factors in a firm’s remaining open include an ample supply of capital, the fact that a firm is large enough to have employees, the owner’s education level, and the owner’s reason for starting the firm in the first place, such as freedom for family life or wanting to be one’s own boss.”

It’s those first couple of years that can make or break a business. At the time I started my business, many other people started theirs. I’m still in business while they’re not.

I hope that by writing this, I can give you some insight into what really goes on “behind the scenes.” I call it “behind the scenes” because ideally, your customer only sees your best – they should have no idea how much stress and aggravation you’re really going through. The downside is that when customers see what I call the “Cute Little Store,” it looks like something they can do too, and many times, they do.

I don’t want you to be one of those who see the good side and decide to open a business based on just that - only to have it fail. If it fails, you can potentially lose a lot of money, affect the lives and well-being of your spouse and kids, as well as affecting the rest of your own future.

When I started writing this book, the store had been open about a year and a half and my business wasn’t 100% out of that early, risky time period. My business had already survived a lot of unexpected occurrences and hardships, but I knew we would make it.

As I finish this book, we've been open more than three years and it looks like we will be in the 44% that the SBA says make it to 4 years!

Why are we surviving while others aren't? I believe it's a combination of a LOT of upfront preparation work and a good dose of luck. For example, some days I sit and think how lucky we are to have the location we have. But then I remember how we got there: all the places we looked at that weren't quite right, examining the demographic numbers of all the possible locations, getting information from other businesses similar to ours across the country, etc. So it was luck that the right place existed, but a lot of work to determine it was the right place, negotiate and sign the lease, and keep it going.

I've written some articles and talked to some folks about the perils of business ownership. I've occasionally been criticized for being depressing. I prefer to look at it as inserting a dose of reality. That's because it's not all good stuff – it's not all fun and games.

Around the time I started writing this book, I spoke with a customer who, while she was sitting in my shop, told me about how she was thinking of opening up a store of her own (not like mine). She and a friend had recently been laid off and were thinking that this might be their opportunity to go out on their own. I'm always willing to talk to people about my experiences in starting up a business, and I'm always willing to refer people to the resources I've used (accountant, lawyer, local Small Business Development Center, etc.).

Well, the perception she (and a lot of other people) have is that not only is my business doing well, but that I am personally financially successful. I explained to her that yes, the business is doing well, but that no, I am personally not receiving much financial benefit. That shocked her. She wasn't sure she'd be able to handle the drop in compensation and has since reconsidered her desire to open her own store.

I started writing this chapter in the middle of 2004. At that time, I expected to take home *maybe* a fifth of what my salary

was when I was an engineer. It turned out to be less than that come the end of the year.

I took an informal survey of people I know who are in a similar type of retail business as mine: Only 15% were able to say that their salary was \$30k a year or more, while 12% said they were not paying themselves anything. That leaves about 70% who are paying themselves less than \$30k a year!

In the chapter on money, I go into a little more detail about how my income has gone down and up and down (and up and down again) while owning this business.

Basically, I don't want you to wind up in the same situation as these folks:

One retail business owner I know closed his doors after only a year. He estimates that he is \$100k in the hole. This money was spent mostly on furnishing the retail space and paying rent.

Another retail business owner I know decided that this wasn't for her and figured she would try and sell the business after being open for a year and a few months. After about 7-8 months on the market, she sold it for a steal. After everything was said and done, she wound up about \$10k in debt. I think what upset her more is the toll this had taken on her two young girls. She told me once while she was in the process of selling her business: "I haven't been able to give either of them a birthday party in two years"

Read this book and think about all the hard questions you'll need to ask yourself while you plan your business. (Why do you want to own your own business? Do you require a certain salary to support yourself and your family?)

This book should either inspire you or have you saying "Oh, wow, I had no idea it was like that." Each of the following chapters should provide some insight into the different aspects of owning and running a retail business.

Chapter 1 :The Pot & Bead: A New Life

What prompts a seemingly normal engineer to up and quit her day job and open a retail business?

This chapter gives the background story to my successful retail store, The Pot & Bead, a contemporary paint-your-own pottery studio located in Ashburn, VA. I'll discuss how the lessons I've learned are applicable to almost any retail business and to new, small businesses in general.

Chapter 2 :You Want to Do What? Perceptions of Retail

When you own and run a Cute Little Store you'll often overhear customers say how they wish they had something like it. As a store owner, there's an amazing mix of emotions resonating through your body all at once that could almost prompt a meltdown:

1. You're flattered. It's nice to hear that they like your store.
2. You're chuckling inside. If they only knew how much work it took to have the Cute Little Store.
3. Your blood is boiling a little. Are they going to try and open something just like it right down the street?

People have their perceptions, often misconceptions, about what retail is and what it takes to run a retail business. This chapter discusses those ideas.

Chapter 3: Leasing, Landlords, and Opening Late

This chapter tells the tale of obtaining the lease for the location of The Pot & Bead and all the trials and tribulations involved. It's a lesson in research, following your instincts, and negotiating.

Chapter 4: Safe and Secure

Burglaries can happen. It did happen to us. We survived. There were things that could have been done to prevent our burglary that I wish I had known then. I'll tell you all those things in this chapter so it hopefully won't happen to you too. Protecting your business, from burglaries and other disasters, is a must for business owners.

Chapter 5: Employees

When I counsel people about starting a new business, I remind them that one enormous difference between a home-based business and a retail business is the need for employees. A retail business needs and depends on its employees.

As the owner of a *successful* retail business, you *can't* be there all the hours, every single day. (Okay, you can, but you probably will wind up resenting it.) So do you just hire someone and hope to hell that when you're not there everything will go just fine? Almost. In this chapter, we'll talk about how to hire, retain, and treat your employees.

Chapter 6: Follow Your Gut

This chapter talks about the biggest mistake I made in the first two years of running The Pot & Bead. I attempted to purchase another business similar to my own. It didn't go well and I lost a lot of money. Why? I didn't follow my gut.

Chapter 7: Customers... Ya Gotta Love Them

In this chapter, I will teach you to recite the mantra "I love my customers, I love my customers."

I define *customer* as "someone who gives me money." Without them, I wouldn't be in business. I love my customers.

This chapter is the support room for getting past the few

customers who are crazy or just plain mean, and will help show you how to appreciate the nice customers who make the business worthwhile.

Chapter 8: Competition

I define *competition* as “someone who takes *my* money from *my* customers.”

Who is “the competition?” Why should you care? How do you deal with it? This chapter answers these questions.

Chapter 9: They Gotta Know You’re There

The bulk of the on-going work in a retail (or any) business is marketing. Unleash your creative side and have at it, but wait a while to see the results.

Chapter 10: Hard Work Does Not Equal Money In Your Pocket

Admit it. This is one of the top reasons you want to be in business for yourself. You want to make more money than you have right now. Until that happens, you might have to borrow some, will definitely have to spend some, and will hopefully collect large piles of it.

Chapter 11: Other Things That Keep You Up At Night

This chapter discusses some of the other random things that go wrong in day-to-day business. This will largely involve all the stuff that breaks, the weather and my own arch-nemesis, Water.

Chapter 12: How To Survive Those First Two Years

In this chapter, I will give some useful information for get-

ting through the start-up phase of any business, but particularly retail. It will include basic information on:

- Business planning
- Organization
- Your Team of Experts
- Building a Support System
- Putting Your Personal Finances in Order
- Keeping Yourself Healthy
- Stress Relieving and Sanity Keeping Techniques

Chapter 13: So You Still Want Your Own Cute Little Store

You're still convinced that a retail business is your next professional career move. This chapter is a checklist, to help make sure you don't repeat others' past, deadly mistakes.

If you do decide to go ahead with your eyes wide open and the advice in this book, you may end up with your own successful Cute Little Store!

Read the rest!

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