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**Fred Meyer & Music Market**  
PHOTO-SOUND SECTIONS

# Self-employment: risky, rewarding

## Bad times for small business

In making the decision to start a small business, it helps to take careful inventory of three very important commodities — one's friends, assets and personal sanity. The chances of liquidating all three are high.

Depending on the source, estimates place the failure rate of budding businesses between 50 and 90 percent. And in an economy such as Eugene's, the upper end of those estimates probably is more accurate.

In fact, small business failure rates are at the same level as they were during the depression of the 1930s, according to recent government reports.

Yet Eugene's case is different, argues Ruby Brenne of the Eugene Chamber of Commerce. Small business is alive, well and growing in Eugene, Brenne asserts.

"There's really been an upsurge in the last few months."

Oddly, it's Eugene's high unemployment rate that is causing a renewed interest in small business operations, Brenne says. People who have lost jobs or are under-employed are "fishing around for some way to stay in Eugene," she says.

The answer for many is starting their own business. The survival rate of those businesses is anybody's guess, Brenne says.

For a University student who faces graduation but is uncomfortable with the prospect of an undesired or unfulfilling career, it sometimes is worth the risk.

The term "small business" actually is fairly vague, and business magazines print annual articles that try to define just what separates small business from big. For a college graduate, perhaps University business professor Don Lytle's definition is the most useful.

"If I had to define it, it would be from sole proprietorship with no employees to 20 employees max," Lytle says. His description seems to fit most graduates' image of a small business — something between a booth in the Saturday Market and a three-story structure at Valley River.

But that's where the similarities between images and reality end. There is a romanticized notion that owning a small business means sitting behind a calculator and totaling the day's

profits, while planning where to spend the next month-long vacation. The first step to starting a new business may be to expell those notions, Lytle says.

"This is a very difficult time to start a small business," he warns, and it is especially difficult for a student, or for someone fresh out of school.

"They don't have a track record. If they need financing, no bank is going to listen to them."

The one advantage students may have is an abundant source of energy, Lytle says. And they will need it.

"They have to be willing to work hard and long. They have to have a lot of self-confidence."

Chuck Spinner, who works in the University's legal services offices, also dispels some of the romanticism associated with owning a business.

His advice for first-time entrepreneurs is to see an attorney at the onset. "It's much easier and cheaper to do something that is preventative," Spinner advises.

"I look at the worst of everything," Spinner says, "all the problems that could become realities."

Students can get a little carried away when they first decide to try a business venture, he says. They start "fresh with the vigor of anticipated success," but they're not really looking at the potential problems.

Under-capitalization is the number one reason new businesses fail, Spinner says. Another big cause of failure is when two members of a partnership begin to disagree on how the business should be run. He suggests two ways to guard against irreconcilable disputes between partners.

First, while they're still buddies, the partners need to anticipate all the problems they may encounter. Then they should create a way of resolving those problems so they don't sue each other.

"People have no idea of the kinds of disputes they can run into," Spinner says.

Less than 10 percent of beginning partnerships survive, he says.

He recommends that anyone wanting to start a business "analyze his own personality."

"If you're a control person, you shouldn't be in a partnership."

## Ex-student breaks away by starting a bike shop

He graduated from Sonoma State College in California, a B.A. in English. Then he studied music at the University for three years. Now he owns a growing Eugene business.

"I woke up in the summer of '75 and decided I'd had enough school," says Mark Jackson, a soft-spoken bicycle mechanic who once thought about making a career of playing the trombone.

Jackson's business, Pedal Power bicycles at 245 E. 6th Ave., is one of thousands of small concerns in Eugene, many run by former students who wanted to forge their own careers.

During its first full year at its current location, Pedal Power turned over \$175,000 worth of business. "It's been nothing but a winner since it started," Jackson says.

When he left the University nearly a decade ago, Jackson was not positive of his next step, but he knew "it was time to take another direction."

"I guess I just wanted to work with my hands," he says. "I discovered when I worked with my hands, I had to work with my head as well."

Jackson's comments reflect the curious white collar/blue collar paradox of the small business owner. Much of the time, Jackson's hands grip wrenches and and broken bicycle parts. The palms are blackened with bicycle grease, and the skin is a little too dry from using harsh petroleum solvents. The rest of the time, his hands are busy in his office writing checks, signing purchase orders, and rattling the keys of a calculator. It's clear he loves his work.

"The bicycle is one of the admirable products of the industrial age," he

says. "It seemed like the obvious business."

Pedal Power actually is Jackson's second business venture. Before opening up his shop outside the Fifth Street Public Market, he started a used bicycle partnership, Second Nature Bicycles, in 1977. But the partnership soured, and he sold his half for less than he thought it was worth.

"It taught me the value of putting things in writing," he says.

Now Jackson employs three full-time and two part-time workers. He sells new bikes and accessories, he has a complete bicycle and equipment rental service and he runs a full-service repair shop.

The savvy required for managing a healthy business in a falling economy doesn't come from college, Jackson says. It comes from working hard, making mistakes, and then working a little harder.

"Business majors feel as though they get too much fluff, too much irrelevant stuff," he says. "I discovered when I worked with my hands, I had to work with my head as well."

"I would not take any course from someone who has not owned or run a business himself."

Small business classes taught at Lane Community College have been a help, however, Jackson says. That's because they are taught by people who have been in business for themselves and know the score, he says.

"My basic feeling is that unless my instructor had been in business I would not trust him."

Stories by Harry Esteve

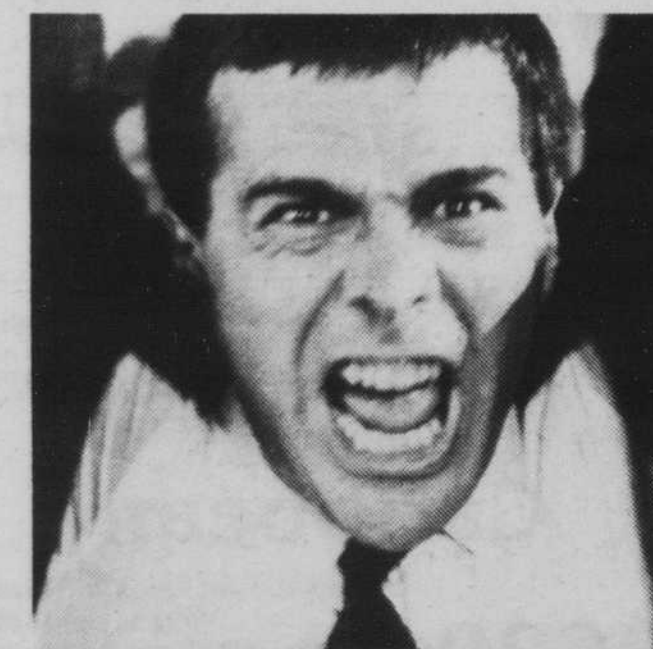


Pedal Power, one of Eugene's thriving small businesses, exists because a former University student needed to use his hands as well as his brain.

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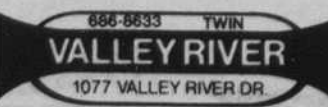
## TICKET TO HEAVEN

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