

You too can do it—good ideas are all around you on campus

By Adam Beaver

Better to lose a thousand now than a million later," says student entrepreneur Peter Dvorak, a 22-year-old sophomore majoring in finance at Indiana University. Pete, who admits to having lost a few thousand dollars with his advertising firm, started his first entrepreneurial venture by selling candy bars. He took 10 percent from 10 salespeople, earned enough to vacation in the Soviet Union and today, as the president of an advertising and telemarketing agency, says he's looking to make his first million before he's 22.

His advice to would-be entrepreneurs: Don't hire friends. Eventually, you'll cut them slack and they will you. The next thing you know, you're broke again.

Advice on discipline, motivation and personal experiences from other successful student entrepreneurs I have spoken to ranges from: do your homework—that is, research what it takes to get that innovation of the century off the ground—check out the competition, be careful to hire the right people, protect yourself with insurance, and find that niche, that neglected part of society that wants something cheaper and better.

But first some of my own advice, which stems from my experience as the founder and owner of an affordable, student moving business. My midsize truck is no match for a 20 foot Mayflower semi, but my experience has taught me that it is possible to manage an idea while keeping up with a busy school life.

Of course not all self-employed people are entrepreneurs. The true entrepreneur is a risk-taker, says Dr. George Murphy, professor of economics at the University of California at Los Angeles. "He (or she) innovates, produces new products, introduces new technologies and searches for new markets. Also, he stands the risk for all of that."

But no matter how great your risk, the first things to do are think, sit down and jot some ideas on paper. What idea keeps you up at night? What do your friends wish could be cheaper? What can you do or what do you know that nobody else does? How can you do it or provide it better?

Find a Target Group

Always find a target group. Know it, understand it and cater to it. David Steigerwald, now a Chicago Board of Exchange trader, says the "dumbest thing came into mind" while he was attending Hobart College in upstate New York. Between 1980 and 1983, while living on fraternity row, he saw that parties were springing up regularly but saw that the area beer marketing agent only came around every few weeks for bulk orders.

Since David saw hundreds of sales vanishing, he created a new position, with the beer company acting as Hobart's "bulk beer buy." The company paid David a \$2 per barrel commission and on a good weekend he sold 200 barrels. In the end, David sold his distribution rights for an additional \$1,000 profit. Although David wasn't exactly an entrepreneur, he did find the right market: college students—a group



Leave it to beaver: "Don't lose sleep over a B-"

he knew, understood and catered to.

Check Out the Competition

Before you buy an expensive ad, ask your friends what they think. Tell them not to worry about hurting your feelings. Check out any and all competition. If your competition is equipped to handle the most difficult aspects of a service, let them. Just concentrate on one portion of a market. I don't do any long distance moving, which gives me a narrow target group most professionals don't touch.

If you need to hire help or skills, there are many tax forms and regulations the Internal Revenue Service will require you to record, update, revise and have readily available. Starting kits are available for small businesses by calling the IRS (1-800-424-3676).

Do It On Your Own

The next time Bruce Pauley from Indiana University maps out a business, he'll do it on his own. Bruce and a partner started a summer storage service for dorm students. Because of the labor involved, they had to hire five people. While Bruce acted as the foreman and warehouse renter and his partner took charge of books and hiring,

ENTREPRENEUR

\$HIP

the employees, he says, just cared about their \$4 an hour. "They were a lot of incompetent people who didn't use common sense."

Kerri Silverman, a theater and telecommunications major at IU, avoided hiring more than one other person for her singing telegram business, "Ears To You." Two years ago, she started singing and dancing her way into students' lives on birthdays, anniversaries and other occasions, sometimes delivering her telegrams (accompanied by her boyfriend) in a playboy bunny suit, "Kayra of the Jungle" outfit or as a "Tuxedo Girl."

Watch Your Liabilities

Play it safe. If I drop a customer's expensive stereo during a move, I'm out of a lot of money. I'm no lawyer but I know enough to buy safe insurance coverage. Identify what can get you, where you might go wrong and what it will cost you. Insurance premiums are tax deductible (as are professional legal services).

Kevin Saxe, a business senior at the University of Arizona who started a T-shirt supply business three years ago, was hit by a little known statute. When a customer commissioned him for a "University of Arizona Official Seal" shirt, he printed the shirts only to discover that the word "Arizona" used for commercial purposes was reserved for the school itself—a legal snare that is not as rare as you might think.

Scott Jaffe, another T-shirt entrepreneur, happened to be wearing one of his creations when somebody offered him \$20 for it. Now he relies on his ideas rather than luck. His "Late Night at IU" design complete with Lettermanesque "Top 10 List" of IU gossip became part of his "T-shirt wit" displays in dormitory cafeteria lines.

After you've finished your research, evaluate your resources. Will you need capital, contacts, skills and equipment? Kevin started with no money. On his first order he required the customer to pay 50 percent down, then hired an artist, bought the shirts and paid the printer's deposit. Upon delivery, he collected the outstanding balance, paid off the printing bill and pocketed a few hundred dollars, which put him in business.

Learn to Identify Opportunities

Remember too that skills are scarce. While Andre Spenard was attending Catholic University in Washington, D.C., he met a real estate salesperson who needed homes painted quickly. Andre and his girlfriend invested \$20 in paint brushes and went to work. The realtor had enough colleagues and homes with dirty walls that Andre's work grew. Later Andre had to buy drop cloths and ladders for the bigger jobs. An average job came to \$2,500. No need for skill, he insists: just read the instructions on the paint cans.

Keep Ledger Books

You can't do business without customers. If you don't have a roommate, think about buying an answering machine. Many phone com-

panies offer call waiting, a service which signals as other calls try to get through your busy line.

Always keep your receipts. Any expenses you incur to get your business going and keep it alive is tax deductible—with a receipt.

Include your earnings and expenses in a ledger book: single line entry or double. Single line entries merely state to whom the expense or income is accounted. Double line entry allows for more information, such as for whom and what the money is assigned.

Establish a bank account under your business name. Most banks require some proof that you do in fact own the business. My bank accepted my business card (don't worry about a flashy card; just get your name, business and phone number on it).

Find the Price You Can Bear

Here's a quick and simple formula: Take your overhead (raw materials, hired labor cost, answering machine, advertisement costs, gas, etc.), add this to your personal time at minimum wage and add in your profit. Next comes a judgment call: how much, over total cost, can you charge?

If a simple answer existed, all sport in capitalism would be gone. In order to show you what the market will bear, compare your goods or services to any competition. A conservative approach is to charge a little less than the others.

Don't worry about raising your rates once you are in business. If your rates are too high, profits will fall instantly and you can correct your mistakes.

Generally, you should stick to your rates. Consider the professional quality of your business. Kerri Silverman of "Ears To You" justifies her rates (\$20 per singing telegram delivery) because she can sing well and most of us can't.

When you save time, you save money. Kerri charges by each job, rather than by the hour, as I do. Write down your estimated expenses per job and decide whether an hourly or per job rate will take less time.

Let It Fly

Flashiness is essential when your flie appears on a busy bulletin board. For the strongest contrast, I always use yellow, letter size paper with heavy black ink. Make it easy and quick to read, and use a large font for your phone number. Provide perforated tabs at the bottom so people can take the business name and number.

Never print your rate on fliers or cards unless your business has tested the market and won. Instead, use words like "Inexpensive!" and "Quality!"

A few final pointers:

Above all, the best advertisement is keeping your word.

Be ready to ride the market's waves that might force your business to expand or contract. If business goes through the roof, don't lose sleep over a "B-" instead of an "A." Have a positive attitude.

And that's all there is to it. USA

