



ESCAPING

THE CUBE

THE ROADMAP TO LEAVING
YOUR 9-TO-5 JOB AND STARTING
YOUR OWN BUSINESS



Executive Summary

There's something about entrepreneurship that is distinctly American. [The U.S. Small Business Administration says](#) small companies contribute two-thirds of all new jobs and generate 44 percent of our economic activity each year.

If you're dreaming of starting your own business, you're in good company; [three of every five people](#) in this country want to become an entrepreneur. Why is the idea of starting your own business so popular?

Maybe it's the allure of leaving a corporate position where you lack a sense of ownership in the product or service. Maybe you want the perceived freedom of being your own boss. Maybe you are simply tired of "working for the man."

No matter what drives you, starting your own business is a brave first step taken by thousands of people in this country each year. Despite the optimism that springs from the idea of leaving your traditional job behind, the colder reality is that [about one-half of new ventures](#) will fail by the fifth year in business.

Trying and failing to launch your entrepreneurial dream may be bad, but it's probably worse if you secretly long to start your own business but are too afraid to try. One of the biggest barriers holding people back from starting a business is the worry about how to achieve funding and keep cash flowing.

What might be missing is a clear-cut roadmap for leaving your 9-to-5 job. Having the right strategy in place could tip the scales toward your dream of entrepreneurship. Benetrends Financial has you covered. Here's how to finally escape your corporate cubicle and start your own business.



More people are leaving their traditional jobs
than ever before.

Entrepreneurship: A Look at the Numbers

[The Society for Human Resource Management \(SHRM\)](#) says that more people are leaving their jobs than at any time since the Bureau of Labor Statistics began tracking the phenomenon. The volume of voluntary employee resignations has increased consecutively for the past nine years.

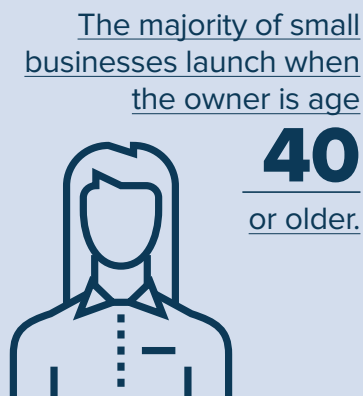
For employers, the historically low unemployment rate has meant there aren't enough employees to go around. This is good news for workers, who can now select from a tasty menu of job opportunities, particularly in high-demand roles such as technology and healthcare. The numbers show that employees are not shy about job-hopping, either; the majority of workers that left their jobs last year [did so for an increase in pay](#).

However, money is only part of why workers are leaving their jobs. [According to Chamber of Commerce.org](#), each year about 400,000 Americans live out their dreams and start a small business. In 2018, 30.2 million small businesses were operating in the United States. Twenty-two million of those companies were individually operated, with the business owner as the only employee.

If you take the U.S. government's definition of small business as those with 500-employees or less, [99.9 percent of all companies](#) in this country fall into the category. Who is running these businesses? You might be surprised:



69%
of small businesses
start as home-based
entrepreneurial
ventures.



The majority of small
businesses launch when
the owner is age
40
or older.



33%
of entrepreneurs have
just a high school
diploma.

You've probably heard the statistics that say most small business ventures fail. In fact, half actually make it to year five and one-third survive to 10 years, [according to the Small Business Administration](#). Starting a small business may be less risky than in the past. There are more financing and support options available today to help entrepreneurs thrive.

If you're thinking about starting your own business, how can you learn from the entrepreneurs who have come before you? How can you mitigate the risk of leaving your traditional 9-to-5 job and ensure the success of your venture?



You may want to leave your traditional job,
but use caution and have a solid plan in place
before making the leap.

What to Consider Before Leaving Your Job

Starting your own business is an exciting idea. It may tempt you to act passionately or impulsively to make the dream a reality, but don't walk away from your day job without a solid plan in place to mitigate the risks. Consider laying the groundwork to protect your small business venture with these steps:

- **Lengthen the cash flow runway** by putting aside six to 12 months of salary and living expenses before your business takes flight. If you're able to start the business on the side in addition to keeping your full-time role, even better. Anything you can do to give yourself a head's start on the real-life worries of how you're going to make payroll is generally a good idea.
- **Understand your audience** by researching who will buy your product or service. Attempt to understand who your competitors are and how you should create a point of differentiation between your company and theirs. How will you reach potential customers to steal them away from competitors? How will you retain customers long-term?
- **Define your "why."** Understanding your personal and professional motivations for starting your own business creates a launchpad for your success. What are your goals? What do you anticipate your roadblocks to be? What financial requirements will support the lifestyle to which you and your family have grown accustomed? What sacrifices are you willing to make to ensure the success of your business?
- **Develop traits and skills** your business will need in the first few years. Think strategically. Are there classes, training, or certifications that you can achieve while you're still in your full-time role? Take advantage of corporate educational opportunities to benefit your employer but also to help your new business. You should also take the time to understand [what skills you naturally bring](#) to the business and whether you will need help in other areas. Consider the talent you might need, their availability in a tight labor market, and the costs you'll incur.

- **Create a business plan.** If you're the sole person in the business, you may not feel you need a business plan. However, the exercise cannot harm your business; just the opposite is true. You'll step away from the exercise of building a business plan a little wiser and certainly more strategic than if you don't. Also, if you're seeking small business funding down the road, a business plan will be imperative.

Ironically, while you may think networking is something you would do after the business launches, it's at the startup phase of your business that the "who you know" of your social networks could come in handy.

Starting a business can be both lonely and worrisome, but sharing your ideas with mentors can help you learn from and lean on those around you to help your business succeed. Getting involved in the community can bring you new business, help you find resources, get referrals, and get help when you need it the most.



Should you franchise or build your business from scratch?

Franchise or Start from Scratch? That’s the Question

You have two basic options when considering the new business. You can consider a franchise or start a new business from scratch. There are pros and cons to both scenarios.

Franchising allows you to buy into an established brand with a track record of success in other markets. Franchises are owned and operated by individual business owners (the franchisee), but the business model is already established, branded, and overseen by a national organization (the franchisor). Subway, McDonald’s, [The UPS Store](#), Molly Maid, and hundreds more can be franchised.

With a franchise, you buy into the company’s proven success model that includes marketing techniques, business workflows, reporting, products, and services. You’ll have access to the corporate logo, signage, or anything else that has to do with the business.

This is wildly different from starting your own business from scratch. Franchises can take away some of the innovation that comes with starting a small business, but at the same time, they can take away some of the risks. Here are the pros and cons of franchising:

| Pros of Franchising | Cons of Franchising |
|---------------------------------------|---|
| Business processes are spelled out. | There are high startup costs to buy into the model. |
| The brand is established. | You are liable for regular royalty payments. |
| You have access to help and training. | You are held accountable to franchisor rules. |

When you start a small business, you can bring your exciting ideas to the table, make new rules, and build something from the ground up. However, there’s big risk involved. A franchise can take much of this risk away by giving you a turnkey business that has everything mapped out for your success.

No matter which direction you head, it’s likely at some point you will need small business funding to help your business succeed.



Consider alternative funding strategies
to keep your business moving forward.

Small Business Funding Strategies

Is starting a small business worth the risk? Finance issues are often cited as the most common concern of small business owners, followed closely by marketing and advertising.

The truth about starting your own business is that the majority of entrepreneurs go into a new business lacking the cash they need to succeed long-term. One study showed [93 percent of entrepreneurs](#) calculate a potential cash flow of fewer than 18 months when launching a business.

Why, then, do people take the risk? [The New York Post](#) reports [62 percent](#) of small business owners say their businesses are as successful as they expected and that ownership of these ventures is highly satisfying.

Starting your own business without small business funding is dangerous and stressful. It's a place where there might be cash for the startup phase but a very short runway before a crash. [Business News Daily](#) says that 58 percent of entrepreneurs launch with just \$25,000 in small business funding or 401(k) funding.

Today, getting the cash you need for starting your own business is easier than you might think. There are a variety of funding options to help entrepreneurs realize their dream of business ownership. For example:

- **401(k) funding** lets you leverage your retirement funds now, when you need it the most, to fuel your business. This funding, called Rollovers as Business Startups (ROBs), allows you to use 401(k) funding to buy or start a business. ROBs is both tax and penalty-free, which is why thousands of entrepreneurs have taken advantage of this program to fund their business.
- **Small Business Administration (SBA) loans** are government low-interest loans defined strictly for entrepreneurs. The most common type of SBA loan is the 7(a) loan, which lets startup companies borrow from an authorized SBA provider such as a bank. The SBA guarantees a portion of that loan so if you default, the bank still receives its money back.
- **Conventional loans** are dependent on credit risk, and while they are widely available, they are sometimes difficult for a small business to secure. The interest rate, term, and loan amount all vary by bank, by your credit rating and cash handling history, and the overall feasibility of your business.
- **Securities-backed lines of credit** are loans secured through your investment portfolio, instead of your home or some other collateral. You can use these funds as leverage without disrupting long-term investments or creating large or unexpected tax penalties. This doesn't mean you'll see your stocks, just that you use these assets as collateral against which to borrow.
- **Home-backed lines of credit** are more commonly called equity lines. The requirements for these loans have tightened over the years, but you can still borrow against your home. However, the interest is not a tax deduction unless you use the loan for actual home improvement. Nevertheless, some entrepreneurs select this option for small business funding.

Starting your own business requires access to small business funding. While conventional loans are available today, they have stringent rules that sometimes make it hard for business owners just starting out to qualify. Fortunately, there are other options like 401(k) funding, to help you achieve your goals.

Developing a funding strategy is just as important as creating a business plan. There are many things to consider related to your short and long-term goals.

That's where Benetrends Financial can help.



Benetrends has served more than
17,000 small businesses.



About Benetrends

When starting your own business, you need resources to help plan and provide you with the funding you need to scale up. Whether you're building a business from scratch, purchasing an existing business, or buying into a franchise, Benetrends Financial can help you make the right decisions for your short- and long-term goals.

Benetrends helps entrepreneurs with small business financing to launch and expand their businesses. We offer a proven financial alternative to traditional commercial funding or maxing out your equity line or credit cards.

Benetrends helps small companies maximize their existing assets by using 401(k) funding or other alternative resources to cover capital overhead, operations, or other expenses without the traditional debt that can hold your back. We have more than 35 years in the financial industry and a strong track record of helping businesses just like yours succeed.

There is simply no better partnership for your business. We offer our clients a team of more than 80 dedicated experts to help you with retirement planning, strategic growth, wealth management, and small business funding. We've served more than 17,000 small business owners since our inception. Today, more than 10 percent of all franchises, start-ups, and existing small businesses are financed using our Rainmaker Plan, the innovative 401(k) funding solution. [Schedule a consultation](#) to talk to our team today. We can help ensure the success of your small business venture.