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Tough economy sparks South Florida's entrepreneurial spirit

Tough times provide many entrepreneurial types impetus that they need

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Everybody knows unemployment is rising. Consumer spending for anything other than necessities is falling. Lenders don't want to make loans. And leading economists believe Florida is in a recession.

Problem? Not at all, to the entrepreneurs in South Florida who see this as a time of opportunity.

Job insecurity is leading some people to create their own start-up firms, according to lenders and small business advisers. Stagnant wages are pushing others to look for a second income. And the Internet has made it easy to put your wares for sale in front of the world.

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Another factor behind these moves: A dose of optimism that always seems to be part of the entrepreneurial drive. You'd have to have that spirit — and a bit of swagger — to start a business in the face of a rising tide of bankruptcies, foreclosures and a credit crisis that has brought much bank lending to small firms close to a standstill in South Florida.

"The economy will turn," said Mary Pat Lang of [Boynton Beach](#), who expects to get a patent by the end of the year for her business concept, Passenger Express, which will provide private flight attendants to accompany children flying alone or elders who need help. And when it does, she's convinced there will be plenty of demand for her service, so she's hunting for investors to get it going now.

"It'd be easier if it was a robust economy, certainly, but it's still going to be good," said Tim Hart, who in July formed R3 Accounting in Fort Lauderdale with his sister Sharon Keefe. "For me, I'm pairing up with a very talented individual, and you just can't fail in that situation."

The entire economy has a stake in the success of start-ups, because they create jobs. If R3 Accounting follows its business plan, Keefe said they expect to have 10 employees in the next six months and more later. Lang said she plans to hire five or six key people, probably from the growing ranks of unemployed flight attendants in South Florida.

Feeding economic growth

Anyone crafting a business plan today has to meet consumers' concerns about the economy head on.

For J. Mark's, a year-old restaurant in Pompano Beach, that means pricing the hamburger at \$9, far below the \$14 hamburger at dinner at a nearby Houston's on Atlantic Blvd. Altogether, the menu is designed to be 30 percent to 45 percent lower than its competitors.

"The economy has actually helped us, because so many people have traded to us from your higher-priced dining establishments," said Steven Mark Wilson, chief executive officer.

That has turned out to be key, along with Wilson's 20-year-plus experience in the restaurant business. He conducted plenty of research into neighborhood demographics and dining habits — not to mention the hundreds of menu items he tested on friends — before he launched the restaurant.

In its first year, J. Mark's revenues reached \$4.4 million, exceeding Wilson's projections by more than \$1 million. Revenues in August were running 5 percent to 8 percent ahead of the first-year pace.

There's also plenty of start-up activity on the Internet, where the barrier to starting a business has declined as costs have come down for developing Web sites and Web hosting.

"I definitely think technology has made it a lot easier to get into business," said Julie Lenzer Kirk, an adjunct professor of entrepreneurship at the University of Maryland. "I'm amazed at the kind of things people can dream up and just get started, because the Internet gives them resources that the need."

Sandra Robinson, an artist in Fort Lauderdale, just launched her Web site business sajerobinson.com, selling "wearable art" — T shirts she's designed with an ethnic influence. She hopes to expand the line into a full collection and eventually sell through retailers, as well.

Robinson was able to get started on a shoestring, by bartering with others, such as a Web site developer, and getting a \$5,000 small-business loan from [Broward County](#).

"It's tough for me as it is for everybody, but I do not focus on that," she said. "I cannot just sit and not do anything and complain that the economy's bad."

Robyn Lorenz of [Boynton Beach](#) in August launched Personal Protection4U.com, her Web site selling products such as Tasers and surveillance equipment. "I didn't have a choice," she said. She was laid off after her employer changed hands "and everywhere I turn, friends of mine are getting laid off. They're being replaced by people at a third or half of their wages."

Bad times drive good ideas

Lenders and advisers say that's the situation they're seeing again and again.

At the Small Business Development Center at Florida Atlantic University, "It's busier than I've ever been in five and a half years here," said Ted Kramer, assistant director and a certified business analyst. "A good portion of the people are fearful that they'll lose their jobs. Other people are looking for a second income. They simply need more money."

The center has seen its number of individual counseling clients jump by 30 percent in recent months, and

Kramer estimates there's a 35 percent or greater increase in attendance at seminars.

Not only are people attending seminars and getting business coaching, but they're putting in more loan applications at the Business Development Fund of the Palm Beaches than last year, says Executive Director Laurence F. Davenport Jr. The fund has about \$4.5 million in small business loans outstanding.

These would-be entrepreneurs are bringing "higher quality" business plans to New Tech Business Lending in [Wellington](#), according to Vice President Scott Shulman. The reason, he suspects, is that commercial banks have cut back on lending and they're sending clients out to find non-bank lenders, such as his fund.

Penny Cohen, head of ARC Video Productions in [Boca Raton](#), says she knew South Florida seemed to be in a recession when she recently launched a new division, [StandoutSalesman.com](#).

"But it's a great time to do anything innovative in market," she said. The companies that do, will "get a bigger proportion of business than they've ever gotten before."

The division creates virtual sales people who walk across a Web site and give the company's sales pitch. The person can be the company's CEO or an actor.

On the positive side, downturns may actually be good for start-ups, because they carry lessons. Michael Epstein says he's learned a few.

He and his best friend Nathan Newman founded eDimensional Inc. in 2000, just as the dot-com crash was happening. Anything tech related wasn't going to get funded, he said.

"That forced us to really be diligent about how we spent every penny," Epstein said. "That was almost a foreign concept at the time. In the dot-com era, people spent money as if there was always more coming."

The Jupiter firm, which sells video gaming products such as motion-sensing controllers and 3-D gaming glasses, started with \$500 in working capital and still operates as if it is a lean start-up.

"To this day, we have never raised any capital or taken on debt and our sales are approaching \$5 million a year," he wrote in an e-mail.

Starting a business often comes down to the desire to do it.

Despite the real estate downturn, Robert B. Lochrie III and Nectaria Chakas recently formed a law firm to do land-use work for commercial developers. They say they are busier than they were a year ago, when they were working for the law firm of Ruden McClosky.

"The economy is going to go up and down," he said, "and I didn't want to base my decision on that."

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