

## Entrepreneur's Toolkit

Mix-and-Match Tips and Advice to Help You Build or Grow Your Business

*Entrepreneur's Toolkit Compiled by Marianne Kunkel*

### What to do Now: Three Tips

*With a 20-year background in engineering, management consulting, business strategy and operations, Llevelyn Rhone has been around the entrepreneurial block more than a few times. Owner of A2 Services, LLC, an underground construction company, Rhone has learned his share of lessons in consulting, operations and business management roles. Opportunities for entrepreneurs are there for the taking, he says, if you just know where and how to look. He offers the following tips for entrepreneurs wanting to equip themselves with the right tools.*

• Position yourself as a good client for business. "Even though the credit markets may be nonexistent," Rhone says, "this isn't the time to step away from establishing relationships with bankers and other funders. Now is the time to build these relationships, so as soon as money is unleashed, you'll be in fairly good position. Check in with your bankers once a month to give them an update. If you've made a breakthrough, let them know. Also, turning around and asking them what they're looking for always is a good idea."

• Focus in on what **your business model is**. "My business is an underground construction company that repairs and installs pipeline and other infrastructure for utility companies," explains Rhone. "For example, we now are exploring opportunities to expand to railroad repair because the two have adjacent competencies. We're also looking into materials and asking, Can we provide our customers with materials? Can we expand to lawn restoration? Challenge yourself to rethink what your business truly is and what it should be."

• Stand out from the crowd through innovation. "Try to really focus on innovating something," Rhone advises. "Whether you make pencils or car parts, there always is an opportunity to come up with an innovation if you actually understand how people use your product. Innovation is timeless. Simply ask yourself: How can I repurpose what I already make for something else?"



## Getting the Money You Need

*Greg White has worked in commercial banking as a lender, and also in investment banking and venture capital. He currently serves on the Board of the Federal Home Loan Bank of Chicago, a \$90 billion wholesale bank that lends money to smaller banks. White is the president and CEO of LEARN Charter Schools, which has a license to operate public schools independent of the public school system and, as an adjunct professor at the Kellogg School of Management, he assists aspiring entrepreneurs in developing business plans and launching their businesses.*

**What advice do you have for a potential entrepreneur looking to access money now?**

**GW:** Timing matters. Create evidence to show banks that yours is a viable business opportunity. Work on securing several customers. People want to jump on a moving train – they don't want to get that train moving.

Second, scrutinize your start-up budget

and find a way to pare it down. Get in business at a lower dollar amount. One of my friends wanted to start a retail business, and I told her she didn't need a kitchen. She saved money by taking it out and, if she's doing well in the next three years, she will install the kitchen later.

Third, consider buying an existing business. It's much easier to raise debt and equity for an acquisition than a start-up. And there's a real balance sheet, with existing customers and products. Consider an acquisition as a way to launch your business and establish evidence, and use the acquisition as a platform to build upon your business. It can be in the same industry or a similar product. Also, don't assume you have to buy the whole company. Maybe it makes sense to buy a controlling interest at first and have an option to purchase the remainder at a later date.

*Derrick Collins has a background in commercial lending and venture capital. In addi-*

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tion to teaching *Entrepreneurial Finance and Venture Capital & Private Equity Investing at the Kellogg School of Management at Northwestern University*, he has been involved since 2004 in *Magna Saxum Advisors*, which works with entrepreneurs – mostly those of color – to source capital.

### How can entrepreneurs best position themselves to secure stimulus funds?

**DC:** Stimulus funds primarily have been going to capital intermediaries such as banks. The stimulus funds also have been used to increase the loan guarantee capacity of the SBA, which in turn hopefully will increase capital to entrepreneurs. Stimulus funds won't come directly to entrepreneurs, but they can make a difference to those institutions that provide the capital and assistance, thus spurring capital flow.

The stimulus funds also are being used to spur development and business activity that could represent potential business for entrepreneurs. For example, if you're building roads and bridges, which is a sector of

the economy supported by the stimulus funds, there may be contractual opportunities. But how do you get these contracts? To learn where the opportunities are, you should get involved in your local political sphere and speak with your city council and congressional representatives – they know where the opportunities are.

### What is the biggest mistake people make when trying to gain capital?

**DC:** Not understanding the capital providers' motivations. To access capital, you need to understand *how* the capital provider is trying to make money. In many cases, entrepreneurs put unappealing proposals in front of capital providers because they are unclear as to the risk profile these capital sources desire. The deal itself may be attractive, but not necessarily to the person or institution to which it is presented. If you understand the different motivations of the different capital sources – be they banks, angel investors or institutional venture capitalists – you can select the right one for your deal and better position yourself for success.

## Networking Dos and Don'ts

*Billy Dexter, a lifetime NMBAA member and former board member, has worked in talent acquisition, diversity and leadership consulting for MTV Networks; Hudson Inclusion Solutions, a division of Hudson Highland Group (HHG); Monster Worldwide; Deloitte & Touche.; United Airlines; and Motorola. A few years ago, Dexter started his own recruiting strategy firm called Dexter & Associates, and in January, he joined Heidrick & Struggles as a partner, assisting clients in developing diverse leadership teams.*

### What is the biggest mistake most entrepreneurs make when it comes to networking?

**BD:** Too many people see the process of networking as, 'This is something that can get me something.' They approach it as, 'I need to make this contact so that he or she can get me this.' A really effective networker networks to give, not to get.

Focus first on making a good connection and finding network points that you have in common with someone else. Once

you've done this, work on finding ways to help the other person. Helping this person then helps you. Don't think, 'Let me meet this person so they can connect me with another person.'

### Entrepreneurial Institute... in Your City and at Conference

For hands on advice from the experts in our toolkit, attend **NMBAA's Entrepreneurial Institute City Tour**, presented by **State Farm**, traveling to these three cities in August:

**August 8:** Atlanta  
**August 22:** Houston  
**August 29:** Philadelphia

You also can attend the day-long **Entrepreneurial Institute** on **September 23** during NMBAA's 31st Annual Conference & Exposition in New Orleans.

Visit [nmbaa.org](http://nmbaa.org) to register for Conference and the City Tour.

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## Business Certified

*Kevin Jones is a partner in the firm Magna Saxum Advisors, a business advisory firm that works with middle market companies that are raising capital, restructuring debt or needing strength to negotiate an acquisition. Jones started the company with a partner four years ago. "We both had come out of the private equity world, and what we had seen there – and continue to see – is a real disconnect between entrepreneurs who are looking to raise money and the actual providers of capital. Given the fact that my partner and I have been on both sides of the table, we have a lot of experience," Jones says.*

**How can entrepreneurs use special business certifications (minority/female/disadvantaged) to their advantage?**

**KJ:** Designated Fortune 500 companies have gone through a major cultural

shift over the last 25 to 30 years. They clearly understand that if they're going to be a long-term survivor, they have to have a strategy that includes every ethnic minority as a potential manager, employee, etc. They have to embrace diversity. So for individuals who are minority business persons, there are a number of programs that are dedicated to making sure that they're included in a supplier base, or any sort of business forum that they're trying to penetrate. To take advantage of this, certifications have been pretty useful.

At the end of the day, however, the criteria for success are colorblind. It requires that a business is offering the best possible service at the highest level of quality with on-time performance.

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