PAYCHEX
WORX
Knowledge at Work

Solving your payroll and HR issues with insights, answers, and action.

Employee to Entrepreneur: How Business Owners Got Their Start

STARTUP | ARTICLE

04/06/2018

Being your own boss might sound like the ultimate American dream. Making your own hours, committing yourself to passionate projects, and contributing to the cornerstone of the U.S. economy are just a few of the perks associated with being a small business owner.

While brands with fewer than 500 employees make up a vast majority of businesses across the country, for many Americans, the fear of failure could be stopping them from ever establishing their own business venture.

To learn more about what inspires most Americans to start their own small business and how they got their firms off the ground and on the road to success, **we surveyed more than 400 small business owners. We asked them about their experiences from start to finish, including how they raised funds and the challenges they faced along the way**. Want to know how these business owners overcame their fears and forged a new path in technology, retail, manufacturing, and more? Read on to find out.

Finding Their Startup Inspiration

Getting Off the Ground

The Day to Day of Small Business Owners at the Start of Their Journey

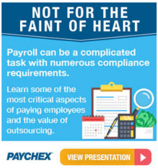
The Percentage of People Who Worked Full Time While Building Their Small Business

Recommended For You

5 Things About Offering Part-Time Employee Benefits

What Does it Mean to Be "Paid in Arrears?"

What Basic Benefits Must a Company Provide Employees?

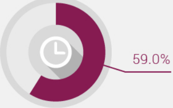

NOT FOR THE FAINT OF HEART

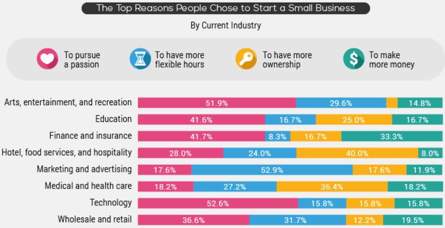
Payroll can be a complicated task with numerous compliance requirements.

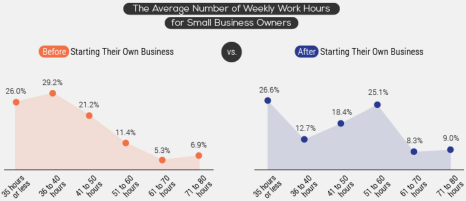
Learn some of the most critical aspects of paying employees and the value of outsourcing.

PAYCHEX VIEW PRESENTATION

Stay ahead with the WORX monthly newsletter







Source: Survey of 413 small business owners

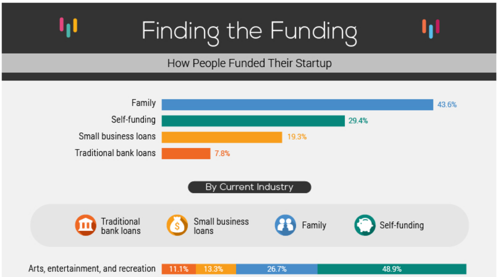
Research suggests many Americans are working more than one job today. While this may be due to a desire to have financial stability, the "side hustle" can allow some people to start their business without letting go of previous employment. In fact, **59 percent of small business owners worked a full-time job while pursuing an entrepreneurial endeavor**.

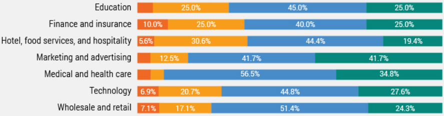
With so many people dedicated to putting in extra hours to fulfill their dreams, what eventually made them leave their job and build a small business?

Almost 53 percent of people in technology admitted it was their passion for apps, software, and products that drove their decision to leave their job. Experts suggest the technology industry is among the most lucrative places to plant your flag and get backing from brand-name investors along the way.

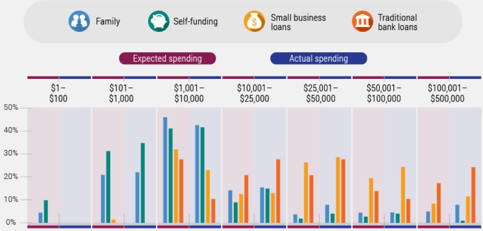
Americans in marketing and advertising, however, were less concerned about pursuing their passion and more interested in establishing flexible hours. Additionally, 1 in 3 people in finance and insurance said their biggest inspiration was profit – making more money was the top reason they decided to start their own firm.

Acquiring the Cash to Start





The Amount of Money Small Business Owners Expected to Spend vs. What They Actually Spent



Source: Survey of 413 small business owners

Whether it's pleasure, passion, or profit that drives you to build your own business, there's no escaping the need for funding to get off the ground.

According to a majority of respondents, **getting money from the bank (either through small business loans or personal advances) wasn't nearly as common as funding through family**. Even big-name brands like GoPro, Chipotle, and Amazon got their start with investments from family members.

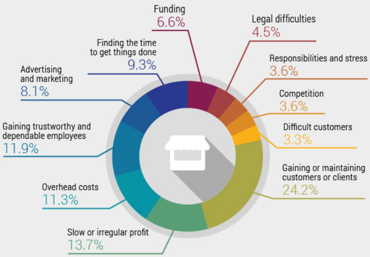
If that won't work for you, however, don't fret. Nearly 30 percent of small business owners said they received funding from bootstrapping, raising money on their own. As with Steve Jobs, Bill Gates, and "Shark Tank" investor Daymond John, sometimes it takes a little bit of creativity to find the funds to turn ideas into real-world products or applications.

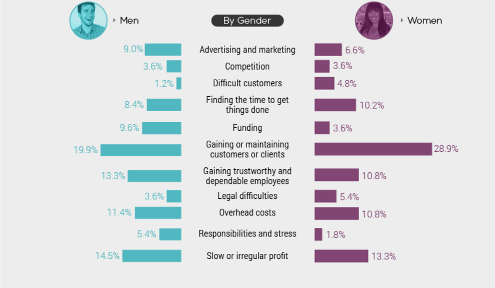
Our panel of small business owners revealed bootstrapping was particularly popular among people in arts and entertainment as well as marketing and advertising, while more than half of business owners in the medicine and retail industries got the money from their family. Still, a loan might be the right way to go. If you're thinking about starting a hospitality, finance, education, or technology business, you might be like the more than 1 in 4 respondents who took out a small business loan to get things started.

Common Concerns

Challenges and Growth

The Biggest Challenges People Had While Starting Their Small Business





Source: Survey of 413 small business owners

If you have the time, drive, and the capital to start your own business, what roadblocks should you expect along the way? According to nearly 1 in 4 small business owners, the biggest challenge they faced wasn't competition, stress, or even money – **it was gaining or maintaining customers or clients**. And this was a bigger concern for women than men, with nearly 29 percent of female business owners citing the challenge of finding clients as the hardest part of the job.

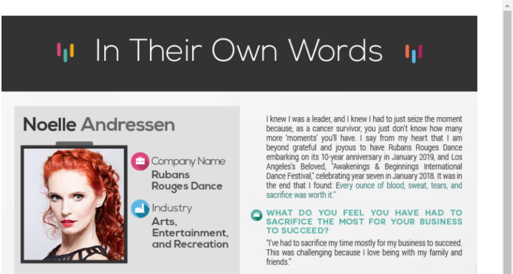
Female entrepreneurs do sometimes face different challenges than their male counterparts, including more limited access to funding, balancing family life, and finding their footing in occasionally male-dominated markets. While the number of female small business owners is significantly smaller than that of male business owners, their numbers have been growing rapidly over the last decade.

Other common roadblocks included slow and irregular profit, overhead costs, and finding dependable employees. For some inspiration on how to overcome these hurdles, take a look at what 53 additional business owners not polled in our survey have to say about their struggles and success.

Living the Dream

No matter where you are in your business journey, you've probably realized the path to success isn't a straight line. Even your vision of what you want your business to be can change over time, and the experiences a small business owner faces along the way – both good and bad – **can have a profound impact on how they approach life as an entrepreneur**.

To help provide a little inspiration, we interviewed 53 small business owners. Here you can see their stories, including the sacrifices they made along the way and how they overcame their fears to get started in the first place.



In Their Own Words

Noelle Andressen

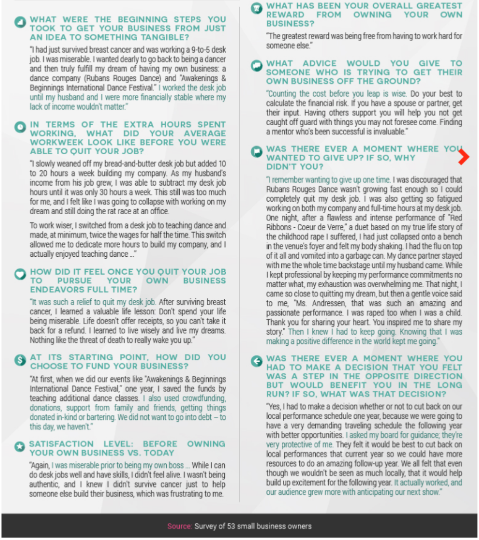
Company Name
Rubans Rouges Dance

Industry
Arts, Entertainment, and Recreation

I knew I was a leader, and I knew I had to just seize the moment because, as a cancer survivor, you just don't know how many more 'moments' you'll have. I say from my heart that I am beyond grateful and joyous to have Rubans Rouges Dance embarking on its 10-year anniversary in January 2019, and Los Angeles's Beloved, "Awakenings & Beginnings International Dance Festival," celebrating year seven in January 2018. It was in the end that I found: Every ounce of blood, sweat, tears, and sacrifice was worth it."

WHAT DO YOU FEEL YOU HAVE HAD TO SACRIFICE THE MOST FOR YOUR BUSINESS TO SUCCEED?

"I've had to sacrifice my time mostly for my business to succeed. This was challenging because I love being with my family and friends."



WHAT WERE THE BEGINNING STEPS YOU TOOK TO GET YOUR BUSINESS FROM JUST AN IDEA TO SOMETHING TANGIBLE?

"I had just survived breast cancer and was working a 9-to-5 desk job. I was miserable. I wanted dearly to go back to being a dancer and then truly fulfill my dream of having my own business: a dance company (Rubans Rouges Dance) and "Awakenings & Beginnings International Dance Festival." I worked the desk job until my husband and I were more financially stable where my lack of income wouldn't matter."

IN TERMS OF THE EXTRA HOURS SPENT WORKING, WHAT DID YOUR AVERAGE WORKWEEK LOOK LIKE BEFORE YOU WERE ABLE TO QUIT YOUR JOB?

"I slowly weaned off my bread-and-butter desk job but added 10 to 20 hours a week building my company. As my husband's income from his job grew, I was able to subtract my desk job hours until it was only 30 hours a week. This still was too much for me, and I felt like I was going to collapse with working on my dream and still doing the rat race at an office.

To work wiser, I switched from a desk job to teaching dance and made, at minimum, twice the wages for half the time. This switch allowed me to dedicate more hours to build my company, and I actually enjoyed teaching dance ..."

HOW DID IT FEEL ONCE YOU QUIT YOUR JOB TO PURSUE YOUR OWN BUSINESS ENDEAVORS FULL TIME?

"It was such a relief to quit my desk job. After surviving breast cancer, I learned a valuable life lesson: Don't spend your life being miserable. Life doesn't offer receipts, so you can't take it back for a refund. I learned to live wisely and live my dreams. Nothing like the threat of death to really wake you up."

AT ITS STARTING POINT, HOW DID YOU CHOOSE TO FUND YOUR BUSINESS?

"At first, when we did our events like "Awakenings & Beginnings International Dance Festival," one year, I saved the funds by teaching additional dance classes. I also used crowdfunding, donations, support from family and friends, getting things donated in-kind or bartering. We did not want to go into debt – to this day, we haven't."

SATISFACTION LEVEL: BEFORE OWNING YOUR OWN BUSINESS VS. TODAY

"Again, I was miserable prior to being my own boss ... While I can do desk jobs well and have skills, I didn't feel alive. I wasn't being authentic, and I knew I didn't survive cancer just to help someone else build their business, which was frustrating to me.

WHAT HAS BEEN YOUR OVERALL GREATEST REWARD FROM OWNING YOUR OWN BUSINESS?

"The greatest reward was being free from having to work hard for someone else."

WHAT ADVICE WOULD YOU GIVE TO SOMEONE WHO IS TRYING TO GET THEIR OWN BUSINESS OFF THE GROUND?

"Counting the cost before you leap is wise. Do your best to calculate the financial risk. If you have a spouse or partner, get their input. Having others support you will help you not get caught off guard with things you may not foresee come. Finding a mentor who's been successful is invaluable."

WAS THERE EVER A MOMENT WHERE YOU WANTED TO GIVE UP? IF SO, WHY DIDN'T YOU?

"I remember wanting to give up one time. I was discouraged that Rubans Rouges Dance wasn't growing fast enough so I could completely quit my desk job. I was also getting so fatigued working on both my company and full-time hours at my desk job. One night, after a flawless and intense performance of "Red Ribbons - Coeur de Verre," a duet based on my true life story of the childhood rape I suffered, I had just collapsed onto a bench in the venue's foyer and felt my body shaking. I had the flu on top of it all and vomited into a garbage can. My dance partner stayed with me the whole time backstage until my husband came. While I kept professional by keeping my performance commitments no matter what, my exhaustion was overwhelming me. That night, I came so close to quitting my dream, but then a gentle voice said to me, "Ms. Andressen, that was such an amazing and passionate performance. I was raped too when I was a child. Thank you for sharing your heart. You inspired me to share my story." Then I knew I had to keep going. Knowing that I was making a positive difference in the world kept me going."

WAS THERE EVER A MOMENT WHERE YOU HAD TO MAKE A DECISION THAT YOU FELT WAS A STEP IN THE OPPOSITE DIRECTION BUT WOULD BENEFIT YOU IN THE LONG RUN? IF SO, WHAT WAS THAT DECISION?

"Yes, I had to make a decision whether or not to cut back on our local performance schedule one year, because we were going to have a very demanding traveling schedule the following year with better opportunities. I asked my board for guidance; they're very protective of me. They felt it would be best to cut back on local performances that current year so we could have more resources to do an amazing follow-up year. We all felt that even though we wouldn't be seen as much locally, that it would help build up excitement for the following year. It actually worked, and our audience grew more with anticipating our next show."

Source: Survey of 53 small business owners

In Their Own Words

Your Partner in Growth

As our interviews revealed, it's not uncommon to experience missteps on your journey as a small business owner. Still, **our entrepreneurs acknowledged learning as much from the bad moments as they did from their successes**.

While you're on the journey to building your own business, Paychex can help. We offer payroll and HR solutions for when it's just you, an idea, and a plan for success, to when you hire your first employee – and your 1,000th. From do-it-yourself payroll to help with hiring, onboarding, time and attendance, and benefits, our dedicated payroll and HR experts let you focus on keeping more of your time, money, and talent. To learn more, visit us at Paychex.com.

Methodology

We surveyed 413 small business owners and interviewed 53 entrepreneurs. 47.5 percent of our survey participants were men, and 52.5 percent were women. The industry breakdowns of our survey participants were as follows: 16.6 percent in arts, entertainment, and recreation; 7.2 percent in education; 7.2 percent in finance and insurance; 13.8 percent in hotel, food services, and hospitality; 9.3 percent in marketing and advertising; 8.3 percent in medical and health care; 11.7 percent in technology; and 25.9 percent in wholesale and retail.

Participants ranged in age from 18 to 73 with a mean of 39.3 and a standard deviation of 12.9. Sample sizes under 20 participants were excluded from analysis.

Recommended Startup Articles For You

12
9
3
6
Don't waste
YOUR TIME

[10 Small Business Mistakes that Waste Time & Money]

PES & FEAR
of
SMALL BUSINESS OWN

[The Hopes and Fears of Would-Be Small Business Owners]

[Memorable Mistakes and Treasured Triumphs: Exploring the Journey to Success through Entrepreneurial Eyes]

[How to Overcome Startup Hiring Challenges]

This website contains articles posted for informational and educational value. Paychex is not responsible for information contained within any of these materials. Any opinions expressed within materials are not necessarily the opinion of, or supported by, Paychex. The information in these materials should not be considered legal or accounting advice, and it should not substitute for legal, accounting, and other professional advice where the facts and circumstances warrant.

VIEW MORE IN STARTUP

VIEW ALL CATEGORIES

More in this topic

- Marketing
- Funding
- Accounting
- Management
- Finance
- Payment Processing

People Also Like

[Business Owner Diversity: A Look at Certified Business Enterprises in the U.S.]

The key to small business success, according to some experts, is diversity. We collected data to understand the impact minority- and female-owned businesses are having in the U.S. Read on to see what we discovered.

[Owners Lack Confidence in HR, According to Paychex Small Business Survey]

Get results from a recent Paychex survey that explored how small businesses plan to manage HR functions more efficiently.

[Employer's Guide to Notable California Changes in 2018]

This is another busy year for compliance developments in the Golden State. Here's an overview of what's new in California.

6 Online Business Strategy Tips for Your Microbusiness

With an active online presence, microbusinesses can increase their customer reach and tap into markets that might otherwise be unavailable to them. Consider these six tips.

2018 World's Most Ethical Companies

Tektonic Awards 2016

Nelson Hall NEAT Leader Payroll Services 2018

Brandon Hall Group 2017 Gold Excellence in Technology Awards

Paychex Flex named best HR outsourcing for small business in 2017

2018 winner

No. 14 on Training Magazine's List of the Top 125 Training Organizations 2018

PAYCHEX

Payroll • HR • Retirement • Insurance

© 2018 Paychex Inc. All Rights Reserved.

Privacy | Security | Trademarks

Connect with us

Paychex Solutions

Solutions by Business Size

1–9 Employees

10–49 Employees

50–1,000+ Employees

Solutions by Role

Small Business Owner

Office Manager

HR Manager

Insights

Paychex WORX

Small Business Employment Watch

Support

Support by Solution

Paychex Locations

Paychex Reviews

Partnerships

Corporate

Newsroom

Careers

Sitemap

Login