Northeast Alabama Entrepreneurial System

1400 Commerce Blvd.
Anniston, AL 36207

E-Center News

Spring 2008

MEET OUR NEW TENANT

Prestige Healthcare Staffing

Prestige Healthcare Staffing is the Center's newest tenant. Registered Nurses Shana Bates and Sheila Williams decided to start the company when they experienced firsthand the shortage of nurses while employed as RN's. They plan to meet the staffing needs of local hospitals, clinics, and others that require skilled nurses. They do not employ 'travel nurses' but place local or regional nurses with their contracted facilities. The benefits of working for Prestige Healthcare Staffing include higher pay and more flexibility in work schedule. For more information, you can contact them at 831-3566.

SPACE AVAILABLE

Space is available for your new or growing company.

Please visit our website at www.neaes.org to view our floor plan or contact us at

Entrepreneurial Center celebrates its 10-year Anniversary

Executive Director Don Hopper welcomes the guests

In April, the Northeast Alabama Entrepreneurial Center hosted its 10-year Anniversary Open House. It was held in conjunction with the Calhoun County Chamber of Commerce Small Business Awards Luncheon. This proved a good partnership as two winners from previous years were Center graduates and this year, one of its tenant company's– WideNet Consulting— was a nominee.

The theme for the luncheon was "Small Business Under the Bigtop" with circus decorations. This theme was chosen because running a small business can be like juggling or a three ring circus due to the different aspects a small business owner has to handle.

The Center partnered with C.A.S.T—the Community Actors Studio Theatre who welcomed guests in circus costumes. Roberts Rentals provided the large striped tent for the outdoor parking lot and a popcorn machine with freshly popped popcorn greeting everyone as they walked in.

Entrepreneurial Center Director Don Hopper addressed the guests during the luncheon and invited them to visit with the Center's tenants. The Chamber presented the 19th Hole as the Small Business of the Year. Desserts were given out by tenant companies as guests toured the facility. Overall there were a little over 100 in attendance.

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TOP TEN MYTHS OF ENTREPRENEURSHIP By Shane Scott

Many entrepreneurs believe a bunch of myths about entrepreneurship, so here are 10 of the most common and the realities that bust them:

1. It takes a lot of money to finance a new business. Not true. The typical start-up only requires about $25,000 to get going. The successful entrepreneurs who don't believe the myth design their businesses to work with little cash. They borrow instead of paying for things. They rent instead of buy. And they turn fixed costs into variable costs by, say, paying people commissions instead of salaries.

2. Venture capitalists are a good place to go for start-up money. Not unless you start a computer or biotech company. Computer hardware and software, semiconductors, communication, and biotechnology account for 81% of all venture capital dollars and 72% of the companies that got VC money over the past 15 or so years. VCs only fund about 3,000 companies per year, and only about one quarter of those companies are in the seed or start-up stage. In fact, the odds that a start-up company will get VC money are about one in 4,000. That's worse than the odds that you will die from a fall in the shower.

3. Most business angels are rich. If rich means being an accredited investor -- a person with a net worth of more than $1 million or an annual income of $200,000 per year if single and $300,000 if married -- then the answer is "no." Almost three quarters of the people who provide capital to fund the start-ups of other people who are not friends, neighbors, co-workers, or family don't meet Securities and Exchange Commission accreditation requirements. In fact, 32% have a household income of $40,000 per year or less and 17% have a negative net worth.

4. Start-ups can't be financed with debt. Actually, debt is more common than equity. According to the Federal Reserve's Survey of Small Business Finances, 53% of the financing of companies that are 2 years old or younger comes from debt and only 47% comes from equity. So a lot of entrepreneurs out there are using debt rather than equity to fund their companies.

5. Banks don't lend money to start-ups. This is another myth. Again, the Federal Reserve data shows that banks account for 16% of all the financing provided to companies that are 2 years old or younger. While 16% might not seem that high, it is three percentage points higher than the amount of money provided by the next highest source -- trade creditors -- and is higher than a bunch of other sources that everyone talks about going to: friends and family, business angels, venture capitalists, strategic investors, and government agencies.

6. Most entrepreneurs start businesses in attractive industries. Sadly, the opposite is true. Most entrepreneurs head right for the worst industries for start-ups. The correlation between the number of entrepreneurs starting businesses in an industry and the number of companies failing in the industry is 0.77. That means that most entrepreneurs are picking industries in which they are most likely to fail.

7. The growth of a start-up depends more on an entrepreneur's talent than on the business he or she chooses. Sorry to deflate some egos here, but the industry you choose to start your company has a huge effect on the odds that it will grow. Over the past 20 years or so, …..

For the rest of the article, go to the following link: www.kiplinger.com/businessresource/summary/archive/2008/Entrepreneurship_Shane.html

Questions or comments?

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