



Recession Equals Opportunity for Calculating Entrepreneurs

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Daily headlines continue to remind us that we are in an economic recession: *Home Sales at All Time Low, Jobless Claims at 25 Year High, Auto Giant loses \$10 Billion, Stocks Stumble*, the list goes on and on. But for a person with entrepreneurial spirit (and some cash on hand), these headlines spell opportunity.

Entrepreneurial opportunities exist in many segments of the economy. In the real property investment world, well positioned investors can find great deals from property owners desperate to sell. In the manufacturing world, companies that have not been overly impacted by the recession, whether because of recession resistant markets or products, are in an excellent position to acquire other companies. But where there's opportunity, there's also risk. Risk doesn't mean the entrepreneur shouldn't act now, it just means he should be calculating. To assist the newer entrepreneurs being born of the current recession, here are five tips to help make your venture successful.

1. **Develop a Business Plan.** No matter how simple or complex your venture, you need a written business plan to keep yourself and others focused on the goal. This is also something you can share with potential investors or lenders. Your business plan should include a budget as well.
2. **Protect Your Concept.** Your venture may involve intellectual property concepts or novel business models. Before you share your concepts with other parties, develop a non-disclosure and/or confidentiality agreement to protect your ownership. At some point in the process, it may be appropriate to seek formal protection of your idea, product and/or trade name.
3. **Form a separate legal entity.** Whether you choose to incorporate or form a limited liability company will depend on your particular venture, but it is key to form a separate legal entity to protect your personal assets. Of course, you will still need to adequately insure the venture. Further, if you are bank financing your venture, a separate legal entity doesn't necessarily mean you are not personally responsible for the debt. Most banks, if not all in the current economic climate, will require you to personally guarantee the debt. This is especially true for start-ups.
4. **Conduct Due Diligence.** Make sure you know exactly what you are getting into. If it's real estate, order title exams, appraisals and physically inspect the property before you sign a contract. Each venture will have its own appropriate due diligence – make a checklist of items to complete before you ultimately pull the trigger.
5. **Put it in Writing!** Whether it's a purchase agreement, a product distribution agreement, a loan, an investment, etc., put it in writing. Without a written record, enforcing contracts, getting repaid or protecting your business can be extremely difficult. In addition, written contracts provide you with more time to enforce, usually up to fifteen years. Oral contracts must be enforced much sooner, usually within five years.

So, despite the "sky is falling" headlines, don't panic, be cool and see the opportunity. But don't be reckless either. Follow the above tips and remember – successful entrepreneurs don't take risks, they take calculated risks.