

SAN FERNANDO VALLEY BUSINESS JOURNAL

\$2.00

JUNE 21, 2004

VALLEY'S SMALL BUSINESS: THE SECRETS OF SUCCESS

Firms Thrive While Defying Daunting Odds

By **JEFF WEISS**
Contributing Reporter

Statistics show that 80-85 percent of all small businesses fail within the first five years, a daunting figure that could intimidate almost anyone considering starting their own enterprise.

In many ways, running a small business is like bungee jumping. Those who succeed receive a visceral rush indescribable to the uninitiated. But if you fail, you fall — hard. But the 75 companies nominated for the Business Journal's Small Business Awards highlighted in this issue have not fallen. Rather, they have transcended the numerous perils

involved and achieved great success in their fields.

From a Swedish Vodka company to accounting firms, from television and film production companies to delicatessens, the owners of these businesses are united in their passion, perseverance, and savvy business sense, that has allowed them to win when so many before them have lost.

How do the successful small businesses do it? How do they beat that daunting 80-85 percent figure?

Jonathan Goldhill, CEO of Los Angeles' **The Growth Coach**, a small business coach-

ing and consulting firm dedicated to helping entrepreneurs get more out of their business and personal lives, feels extraordinary businesspeople are typically highly motivated and creative.

"Many people start their businesses because they wanted to be more self-directed. They want to control their own destiny. They often don't want to work for someone else and they think they can provide a service that meets the need of buyers better," Goldhill said. "They might be more innovative in the way a product can be designed or delivered. The extraordinary entrepreneur does out of the box thinking and finds a way to reinvent the delivery of a product or the marketing of a product. He sees that the product can be delivered direct to the customer, or reformulate it in a way that's totally different and better."

Companies like Studio City-based **Traffic101.com** embody Goldhill's sentiments. While traffic schools have been around since people began running red lights and creating havoc on the road, Traffic101.com's President and CEO Armen GeoSimonian was one of the first to realize the potential for traffic school to be conducted online. An onerous burden transformed into a relatively painless process, thanks to GeoSimonian's innovation in reinventing the delivery of a product.

Goldhill emphasized the importance of passion in ensuring a business' success. If one doesn't love what they do when they arrive to work each morning, people's dissatisfaction often reflects itself in dwindling profits.

"There are people who are so passionate and dedicated about their own personal loves

that they figure out how to make a business around their creative interests," Goldhill said. "I think of Hot Gears. Mehran Salamati combined his love and interest in flying with his love of photography and his background as director of photography. By mounting a camera onto a plane, he mixed his two loves into a successful business. I think that passion is a common theme of why people become entrepreneurs."

But all the passion and perseverance in the world cannot do very much without one cruel reality: money. Every business needs substantial capital, not just to start the company, but to pump funds in to facilitate growth. Vladimir Victorio, director of lending at the Valley Economic Development Center, hammered home cold hard cash's importance in business success.

"The most common denominator is proper capitalization of the business. Having the finances to start the business and to expand the business as it grows is very important. A key component of that needs to be planned out in advance. Successful businesses establish a business plan which enables them to think about the horizon and anticipate the necessary financing," Victorio said.

There are 70,000 businesses in the Valley, with 90 percent of them classified as small businesses. In spite of the numerous obstacles, thousands of people decide each year to follow their passions, regardless of the high likelihood of failure. The small businesses signaled out for their achievements not only have defied the odds, but in the process have carved out for themselves their own piece of the great American Dream.



Achievement: Tom Pelino, left, and Scott Feinberg have brought printing to a new level with their firm BizInk.