

Entrepreneurship at 50+

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Entrepreneurship is a game for eager 20-year-old go-getters who have nothing to lose, right? Actually, it's Baby Boomers who are striking out on their own at a higher rate looking for gold far beyond the proverbial watch they may get at retirement. Nearly 21 percent of new business owners in 2011 were between the ages of 55 and 64—more than the percentage in the 20 to 34-year-old age group, according to the Ewing Marion Kauffman Foundation, a national entrepreneurship research organization.

Some Boomers are risking their nest eggs and security on new ventures at a time when many of their colleagues are protecting their wealth for retirement. Often called “encore entrepreneurs,” these would-be retirees use their newfound flexibility to turn a passion into a business. Others start a venture out of economic necessity, supplementing or rebuilding income lost during the recession. As the tight economy continues to shed jobs, some older workers who find themselves unemployed turn to self-employment as an important, or even primary, source of income.

Granite Staters like Tom Westra and Lisa Forberg are part of this growing trend of seasoned professionals becoming new entrepreneurs. Tom Westra, 56, was a financial officer for a Keene medical manufacturing firm for many years. Facing a layoff due to a company merger, he turned to a business broker for help with his next step. “He found this cabinet shop,” says Westra. “I didn’t know anything about cabinetry.” What Westra did know, however, was manufacturing and engineering. When he looked at the cabinet-making business from that angle, he realized it was a good fit. Westra bought Vermont Custom Cabinetry in 2006. He says the business, which has operations in Keene and Westminster, Vt., has grown even during the housing downturn and recession.

Forberg, a Windham resident and attorney, just turned 60 and opened her own family law practice in Manchester a few months ago. She worked at other law firms for decades but wanted the freedom to define herself through a business, she says. “I thought if ever I was going to do it, now was the time.” Forberg specializes in collaborative law, where all parties commit to resolving issues outside of the courtroom.

A Growing Trend

These Granite State encore entrepreneurs are by no means alone. A 2011 AARP NH survey of residents aged 50 and older found 77 percent of respondents indicated they expect to pursue some form of employment after retirement, including starting a business. A study released in 2011 by the Met Life Foundation and Civic Ventures, a

San Francisco social policy think tank, shows that 125 million Americans between the ages of 44 and 70 want to start a business or nonprofit in the next five to 10 years.

But why do it? After all, starting your own business is risky. Ironically, topping the list of rewards for encore entrepreneurs is financial security. “We were tired of living paycheck to paycheck,” says Ellen Lessard, 50, who worked as a paralegal in NH, but longed for the designer clothing shops in her former home of Naples, Fla. She turned her love of upscale clothing into a couture consignment business, opening Lilise Designer Resale in Concord in 2011.

Financial independence was also a primary reason behind Paul Bemis’s decision to start his own business at age 52. Bemis, now 56, had been a technology executive for decades. When the company for which he worked was acquired, he negotiated to license its energy modeling software and opened Concord-based Applied Math Modeling Inc. in 2008. His Cool Sim software provides predictive modeling for heat generation and airflow patterns in data centers and other resource-intensive buildings, allowing for substantial reductions in energy use.

“My wife said she certainly trusted me more with our money than someone unknown, like with our 401(k),” remarks Bemis. Starting a company was also an opportunity for Bemis to “make a contribution” to society in some way.

Weighing the Pros and Cons

Having a few gray hairs appears to be a good thing for an entrepreneur. Those interviewed say their life experience helps them weather difficulties a bit more easily than they did in their younger years. “You have the confidence to manage whatever issues arise,” Westra says. The Silicon Valley-based Founder Institute, a technology incubator, found that older entrepreneurs had a better track record of “bringing projects to completion.” That said, Bemis says he feels there might also be a time limit. “Investors will still look at you in your 50s. But when you reach your 60s, they start to wonder how much longer you want to work,” he says.

While encore entrepreneurship has many rewards, it isn’t for everyone. Business failures near or in retirement can be financially damaging. “I don’t have time on my side to fail; that’s not an option. That’s why I put so much thought into this,” says Lessard of her consignment business.

Starting a business later in life places demands on time when many are looking to leave the rat race. “I might be at my son’s soccer game, but I’m still tethered to the office with my phone,” says Bemis. He also says opening a business in or near retirement may mean doing without the trappings of a long-held successful career. Bemis says he sees a “bit of judgment” in the eyes of his friends as he drives his older car and not the newest luxury model.

There is also concern among encore entrepreneurs that illness may sideline their new endeavors. "I'm in great health, but I still worry if something will happen that's age-related," says Forberg.

Do Your Homework

For those considering a business after age 50, the encore entrepreneurs share this advice: "Do it, but do your homework."

Having one's finances in order is paramount. While the encore entrepreneurs we interviewed used some savings and retirement income to start their businesses, they also had solid budgets and plans on how to recoup their investment. Researching the viability of a business concept is also imperative. Westra adds that it pays to be "pessimistic" with timelines. "A business will take longer to get going than what your plans are," he says. He and Bemis say that family buy-in is also critical. "My wife Susan is integral to Vermont Custom Cabinetry," says Westra. Forberg says that following a passion is just as important as following the bottom line. "Believe in yourself and just do it," she says.

AARP

www.aarp.org/work/self-employment

Encore.org

www.encore.org

Provides resources for encore careers that combine personal meaning, continued income and social impact in the second half of life.

Second Act

www.secondact.com

A website tailored to the needs and interests of readers over 40.

U.S. Small Business Administration

www.sba.gov/content/50-entrepreneurs