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Photo of Susie Gharib and roundtable guests

Roundtable: Start and Grow a Business

Susie Gharib asks Thomas Boston, Lisa Price, and Alan Hughes what it takes to create a successful minority-owned business.

SUSIE GHARIB, NIGHTLY BUSINESS REPORT ANCHOR: It takes confidence. It takes planning. It takes strategy and drive. All these go into the entrepreneurial experience. From New York to Washington to New Orleans, we follow three young minority entrepreneurs, beating the odds to launch successful businesses. We'll also talk with one of the nation's most successful black businessmen, William Mays of Mays Chemical. In three decades, he's managed to turn a one-man shop into a global specialty chemicals powerhouse.

Then, if you're thinking about launching your own business, we'll get some tips from a panel of experts about what it takes to build a start up. Stay tuned for "American Dreamers," a NIGHTLY BUSINESS REPORT special edition.

Good evening, everyone. U.S. financial markets were closed today in observance of the Martin Luther King holiday, so we teamed up with "Black Enterprise" magazine to bring you this special edition of NIGHTLY BUSINESS REPORT: American Dreamers." Our focus, the minority entrepreneurial experience. There are 1.2 million black-owned businesses in the United States, with revenues of over \$88 billion annually. Tonight, we look at three young entrepreneurs living their dream of business ownership. First, we head to New Orleans. When Percy Marchand started his printing business, he thought his biggest challenge would be bigger national chains. But as Jeff Yastine reports, Marchand's biggest challenge turned out to be Mother Nature.

JEFF YASTINE, NIGHTLY BUSINESS REPORT CORRESPONDENT: They call New Orleans "the big easy." But there was nothing easy about Percy Marchand's path to being a successful entrepreneur. Marchand's print shop had only been opened for one week in 2005 when hurricane Katrina burst New Orleans' levees. This print shop was flooded, his printing gear and computers worth \$50,000 completely destroyed.

PERCY MARCHAND, OWNER, MARCHAND INK: It was heartbreaking because of the fact that I had spent so much time getting everything situated and settled.

There was just gook all over the floor, like inches of gook, like three or four inches of stuff, real slippery. I had pretty much similar set up to this, all my equipment was turned on its side, counters turned upside down and things like that.

YASTINE: In a city in chaos for months after the flooding, the simplest action would have been to forget about the printing business. Marchand though, chose to start up the business for a second time.

MARCHAND: Electricity was scattered. There were a lot of power outages. You didn't have phone service. You didn't have Internet. It was hard to get supplies and deliveries in so you just had to kind of work around all those different things.

YASTINE: Two years later and Marchand Ink is busy and profitable. Percy has gone from being sole owner and employee to hiring two additional people. But he says even now, labor shortages in the city make it tough to find the right workers at the right price.

MARCHAND: Because the expectation of wages, post-Katrina went up excessively. You're talking about McDonald's or Burger King paying \$10 or \$12 an hour. And everybody starts thinking, especially a job like this, oh, I should be paid \$15 to \$20 an hour which if this was a larger company, that may be possible, but as a small business owner, it made it real challenging.

YASTINE: In some ways, Katrina was the worst and the best that ever happened to Percy Marchand. The storm destroyed Percy's first business location, but it also destroyed those of his competitors. And while Percy rebuilt his business, most of his competitors did not. This Kinko's copy shop, one of Marchand's main rivals in the New Orleans print trade, remains closed. That's a key factor of the economic recovery here since the storm, according to Peter Ricchiuti, assistant dean at Tulane University's business school.

PETER RICCHIUTI, ASST. DEAN, TULANE UNIV./FREEMAN BUSINESS SCHOOL: If you had asked me before the storm what would happen in this scenario, I would have thought that the big companies, the franchises, the established companies, would come back first and it would be the small mom and pops that would struggle and it hasn't been that clear. A lot of times the big companies have been dragging their feet coming back or have decided not to come back and the small local New Orleanean has really pulled it all together and come back.

YASTINE: But as New Orleans rebuilds and the memories of Katrina grow distant, Marchand knows his competitors will re-appear. He's preparing for that day by re-investing in his business and adding a second shop. He's learned well the lessons of being an entrepreneur.

MARCHAND: Always seek out new opportunities. Never settle and capitalize on those opportunities. A challenge is just an opportunity for you to overcome and to excel and then any opportunity that presents itself, make sure that you take advantage of the ones that you can do and do well.

YASTINE: Jeff Yastine, NIGHTLY BUSINESS REPORT, New Orleans.

GHARIB: William Mays is one of the nation's most successful black entrepreneurs. He's the chairman and CEO of Mays Chemical, the Indiana company he founded nearly 30 years ago. It's a \$180 million business that services the food, pharmaceutical and auto industries. Over the years, he's mentored many young business people on how to launch and sustain their own operations. I recently spoke with Mays about entrepreneurship and began by asking him, what's the key to his success?

WILLIAM MAYS, CHMN & CEO, MAYS CHEMICAL: Well, I think in addition to just determination to make it successful, it is the access to capital, of course. It is retaining and getting good people and I think that developing kind of contacts that -- with industry, with people in the industry that want to help you become successful.

GHARIB: Mr. Mays, when you talk about capital, it was very difficult, I'm sure, when you started your company in the 1980s to getting access to financing. As you look at the situation today, do you think it's easier for a minority-owned business to get financing or is it just as hard?

MAYS: I think it's more difficult today than even when I started because, again, the expectation when I started was really an anomaly to be able to get capital. I started Mays Chemical on \$10,000 worth of capital, but I had excellent connections with the banking industry. Today when you look at it, I think that it is even more difficult because you don't have those same connections. And there's a lot of competing kinds of forces for those scarce resources.

GHARIB: Your company I understand now is a \$180 million a year business. You have about 180 employees. As an established company, what is your philosophy and practice about hiring employees and about dealing with suppliers? Do you favor minorities? Does it make a difference?

MAYS: Well, about 60 percent of Mays Chemical is made up of what we would consider minorities. That is Hispanics and Asians. But I think that the goal is to hire good people, is to hire the very best people you possibly can, irrespective of what race, what sex, whatever. So I think that has bode very well with the success of Mays Chemical.

GHARIB: Now that your company has gotten to this established level, what is your next goal? Where do you go from here?

MAYS: Well, my goal in 2008 is to surpass \$200 million in annual revenues. And I guess I would say it's not just growth, it is profitable growth that we want to deal with and then pass it on to the next generation. I'm 62. It's time to move on and let younger people take on the challenges of the international market because that's where the next growth phase is going to be.

GHARIB: Mr. Mays, for a young entrepreneur, a black entrepreneur starting out today, what is the most important advice you can give that person so that they get on the right track?

MAYS: I think that the best thing that someone young can do is to hook up with someone who's old, is to try to get someone to mentor them, get someone that can try to shield them from making the same mistakes that maybe the older entrepreneur made in their initial phases. There is just to me, an abundance of talent out there that just needs a little guidance. And I try to find and work with younger entrepreneurs to try to say I don't want you to make the same mistakes that I made and it's worked out, I think, very well.

GHARIB: What is the most common mistake that entrepreneurs make when they're starting out?

MAYS: I think they underestimate the difficulty in getting capital. I think they underestimate the difficulty in getting the business that they're trying to secure. I think they underestimate tremendously the amount of resources it takes to bring good people to work with them in their particular business.

GHARIB: All right. Mr. Mays, thank you so much for coming on our program and congratulations on your success.

MAYS: Thank you, certainly to you too.

GHARIB: From managing contractors to completing construction projects on time and on budget, New York-based Robin Wilson Home has been a leader in the residential project planning business. Since launching in 2000, Wilson has built her design business into a powerhouse with a long list of famous clients, including President Bill Clinton. She designed his offices in Harlem. As Erika Miller reports, Wilson is always looking for new ways to build her business.

ERIKA MILLER, NIGHTLY BUSINESS REPORT CORRESPONDENT: This is the first time Adam Gurwitz has seen his apartment since designer Robin Wilson worked her magic. It seems hard to believe that this polished and sophisticated living room was a raw and dusty space just two weeks before. The bedroom used to look like this. It's now warm and inviting, ready to move in. Wilson's challenge was to create a home that is elegant, yet practical.

ROBIN WILSON, FOUNDER & CEO, ROBIN WILSON HOME: I think this ambiance for a bachelor is fantastic. It's got great color, it's got simple design, but yet it is sophisticated.

MILLER: Wilson has built a reputation for doing major interior overhauls, at breakneck speed and on budget. She also specializes in using environmentally responsible materials. That's part of the reason Gurwitz hired her.

ADAM GURWITZ, CLIENT: Eco-friendly products are an increasingly prominent part of business life and everyday life. And, to the extent that I could furnish my apartment comfortably and do it in a minimally impactful way, that's very important.

MILLER: Wilson started her New York based firm -- Robin Wilson Home -- seven years ago, doing residential design and project management. Three years ago, she branched out into more lucrative commercial projects, like this office she remodeled for a Manhattan attorney. While Wilson won't talk about her celebrity clients, it's reported that she renovated Bill Clinton's Harlem office in just eight days. Her eye for design is entirely self-taught, though she does have a master's in real estate finance. But she believes that as an African-American business woman, her talents are often underestimated.

WILSON: That can also be a very good because you can impress people a little more easily. I think as an entrepreneur, as a woman, I think sometimes there's a certain level of she's just a decorator or she doesn't understand construction. But what people forget is I'm fourth-generation real estate. I grew up around my grandfather and great-grandfather actually building homes.

MILLER: She also believes that, as a woman of color, it has been tougher to get financing for her firm. She advises aspiring minority entrepreneurs not to focus on barriers, but instead on their own strengths.

WILSON: The motto I live with is the quote, what would you attempt to do if you knew you could not fail? So give it your all and go 100 percent.

MILLER: Wilson gets many clients through word of mouth. Gurwitz, for example, was referred by real estate broker Bruce Ehrmann.

BRUCE EHRMANN, AGENT, STRIBLING MARKETING/REALTY: There is a core of calm, committed -- that is to say socially committed - energy, calm committed energy at the core of her work that's also aesthetically pleasing. To combine all those things and make it work is very interesting and difficult and she's one of the few people who can do it.

MILLER: Others, like architect Vince Cangelosi praise Wilson's efficiency.

VINCE CANGELOSI, ARCHITECT, CREATIVE DESIGN: I really admire her ability to stick to a schedule and to insure that those around her get done what needs to be done on time. It's something that being in the business we all struggle with.

MILLER: Wilson says one way she keeps things running smoothly is by visiting designer showrooms regularly. That helps her stay on top of new trends and product lines, so decisions can be made quickly. Wilson hopes to expand her business into new areas.

WILSON: I also, however, want to do more commercial work for developers who are doing hotels and office buildings. I think that's where people can, on a public scale, see what kind of work you do so by that, I mean, more marquis projects.

MILLER: She also has a budding line of eco-friendly home goods, sold on her website. They include this pignot noir store candle used in Adam Gurwitz's new home.

Robin Wilson is working to expand her line of home decor made from recycled products. She hopes to eventually sell her collection through a national retailer. Erika Miller, NIGHTLY BUSINESS REPORT, New York.

GHARIB: So what does it take to start and grow a successful minority-owned business? I talked to three experts: Thomas "Danny" Boston, a professor of economics at Georgia Tech and CEO of a research firm that advises small businesses; Lisa Price, she's the founder of Carol's Daughter. It's a company that produces upscale beauty products; and Alan Hughes, editorial director at "Black Enterprise" magazine. I began by asking Alan what are the key characteristics of a great entrepreneur?

ALAN HUGHES, EDITORIAL DIRECTOR, BLACK ENTERPRISE: Well, it has to be stick to it-iveness because there's going to be a lot of people telling you you can't do it. There's going to be as lot of banks telling you you can't have the money. There's going to be a lot of negative things that you're going to have to face and overcome. So at the end of the day, you have to be prepared for that and just stick to your guns and be sure that what you have is going to work and is going to be a viable business and just run with it.

GHARIB: Lisa, you're a very successful entrepreneur, what do you think is the single most important ingredient to success?

LISA PRICE, FOUNDER, CAROL'S DAUGHTER: Believing in yourself and not allowing too much influence from the outside to deter you from your goals. A lot of times you can be your own worst enemy. So you really have to be strong about what you believe in, learn about what it is that you're doing so that you're fully informed, but you really have to believe in yourself and trust yourself.

GHARIB: Danny, you've created an index that tracks successful fast-growing minority businesses. What is the common thread behind all these success stories?

THOMAS BOSTON, ECONOMICS PROF., GEORGIA TECH: It's, in addition to what they just said, its innovation and its creativity, particularly in the current market. You have to be able to create a market space in a product and a service that's different from other competitors. And so those who are able to be creative are doing that and have the discipline and stick to it-iveness are those who are successful.

GHARIB: Danny, what challenges do you see facing minority entrepreneurs and what do they have going for them? What's on the positive side?

BOSTON: On the positive side, is that there's such a tremendously fast-growing market, both in the minority community and among minority entrepreneurs. One out of every two companies that were started over the last decade is owned by a minority. So the business sector is growing along with the population. So that's on the positive side. And there are, of course, all the challenges. The challenges related to income within the community. It relates to access to contracting opportunities in the government sector and private sector. So there's still those persistent challenges, some of which are related to discriminatory barriers and some related to networks.

GHARIB: Alan, do you agree with that or is there anything you'd add to the list?

HUGHES: I agree that the largest challenge has got to be access to capital. And while there's still -- and as Danny will agree -- there's a lot of minority businesses that are being started up. However, they're still failing at a really high rate and a lot of it has to do with managing their income cash flow as well as getting access to that capital.

GHARIB: Lisa, some people would say it doesn't matter if you're a black-owned business or any other kind of business, that the bottom line is do you have a good product and do customers want it? Do you agree with that?

PRICE: I agree that having a good product and most importantly having great customer service is key regardless of your ethnicity. However, depending on what market you're in, being a minority-owned business can be helpful if you have a product or service being given to the community that has not been given to them before. And if it's being presented in a way that hasn't been presented before, then you become a niche and you become the desired thing, the "it" thing so that it works to your advantage definitely. But product and good service is key.

GHARIB: Going back to what you were saying earlier Alan about financing, we all

know that financing is one of the tough things for any startup business. Is it harder or easier for a minority-owned business?

HUGHES: Well, a lot of times you have to look at some of the underlying facts. One of them is that African Americans are less likely to own a home. When you're less likely to own a home, you're less likely to have that equity. When you go to a bank saying here's my business, here's my business plan, can I have some money please? They're going to look at things like hard assets and that's where we fall short too often.

GHARIB: Lisa, you did the unthinkable. You raised millions of dollars from celebrity investors like Will Smith and Jay-Z. How did you pull that off?

PRICE: Of course I didn't do it by myself. I have a very intelligent and dynamic business partner, Mr. Steve Stout, who engineered that deal. Steve did a very good job of being able to translate the passion that I had in my brand and in my business and the passion that I have for what I do into something that makes sense on paper, dollars and cents wise. And prior to having investors, we were still able to garner an appearance on the Oprah Winfrey show, the "Today" show. We had lots of press without having a PR firm. So it lets you know that there is something there, there's a buzz there, there's an interest there, because how does this person do this without representation?

GHARIB: Just to wrap it up, Danny, from your experience, what is the most common mistake that minority entrepreneurs make?

BOSTON: I would say not understanding the importance of the brand. And this is the flip side of what Lisa just said. Everything is about branding and branding comes from developing quality associated with your service and product and then being protective of it and growing it so that individuals if they walk in a store they will select that over any other, even if the price is higher and so that's very important.

GHARIB: Lisa, what do you think is the most common mistake and what's the message that you give to young entrepreneurs?

PRICE: Believe in yourself no matter what. Whatever it is that you're starting, believe in it and believe in what you bring to the table with it and don't let anyone take that away from you.

GHARIB: Alan, what's the most important advice that you can give someone starting their own business?

HUGHES: When you can, don't use your own money, use somebody else's, plain and simple.

GHARIB: OK, we'll leave it there, Alan Hughes, Lisa Price, Tom Boston, appreciate it.

BOSTON: Thank you.

GHARIB: Often some of the best ideas come from personal experience. Take Angela Black-Macon. She had trouble finding a day spa experience geared toward women of color, so she decided to start one, leading to the creation of the bnatural day spa in Bowie, Maryland. As Dana Greenspon reports, while being an entrepreneur hasn't been easy, Black-Macon is now on her way to success.

DANA GREENSPON, NIGHTLY BUSINESS REPORT CORRESPONDENT: Nearly a decade ago, Angela Black-Macon decided her consulting career needed a makeover. When the MBA graduate and budding entrepreneur noticed her middle class African American neighborhood offered no high-end beauty services, she saw her chance.

ANGELA BLACK-MACON, OWNER, BNATURAL SALON AND DAY SPA: I just saw the huge opportunity because we were driving all the way around the beltway to go to Elizabeth Arden, to go to other places to have these kinds of experiences, but we didn't have them in our own community.

GREENSPON: So, in 2001, she opened bnatural, a full-service day spa. The spa offers high-end services like body treatments, facials and makeup artistry. In her first year, she grossed more than \$600,000. But that success came to a halt in 2006 when a dryer in the back of the spa caught fire and the sprinkler system flooded the salon. She needed to gut the entire store.

BLACK-MACON: I believe it was about four to five feet up and it was all torn out all around the spa and the floors were totally ripped up to the concrete. That was the most dramatic thing.

GREENSPON: At that point, Black-Macon says she thought about giving up.

BLACK-MACON: And it just hit me that I was going to have to redo, start from scratch and redo this thing all over. And in that moment, I don't know that I was ready to do that.

GREENSPON: What at first seemed like an overwhelming challenge ultimately fueled Black-Macon with a renewed sense of inspiration. She decided not to let an accident determine her business' fate. So, with the support of her husband and after eight months of renovations, bnatural reopened to an eager and welcoming public. She says rejuvenating her business required the same determination every business owner needs every day.

BLACK-MACON: You had to fire this person. This person walked out. Are you

going to get up that next day? You know, numbers look like this, this month. You have to go and make those hard decisions or feel this pressure. Are you going to keep on going?

GREENSPON: Black-Macon not only keeps going, she's also looking to broaden her business, opening more bnatural stores across the region. And she's putting 10 percent of the proceeds from holiday gift certificate sales towards a mentoring program for blossoming entrepreneurs. She says she hopes her experience can help others know what they're getting into.

BLACK-MACON: You've got to be willing to pull up your sleeves and do whatever's necessary because it's not always cute. OK, hair and makeup - hello - - you will be in the back plunging the toilet when it floods, if necessary.

GREENSPON: Viki Mandara Akiwuma has worked at the salon since it reopened. She says Black-Macon's commitment to excellence allows bnatural to shine.

VIKI MANDARA AKIWUMI, EMPLOYEE, BNATURAL SALON AND DAY SPA: She wants to give people the highest quality service that she could possibly give people, to give them an experience, what she calls a bnatural experience.

GREENSPON: Black-Macon says maintaining that level of service can be a challenge, but she says that's why she chose an industry she loves.

BLACK-MACON: I know I needed to be in a space where I could see myself working every day because I knew that was going to be very important and I knew this environment. And I just liked that notion of making people feel good.

GREENSPON: With more than a half a million dollars in sales last year, Black-Macon has a lot to feel good about, too. Dana Greenspon,

NIGHTLY BUSINESS REPORT, Bowie, Maryland.

GHARIB: Thanks for joining us for this special edition of NIGHTLY BUSINESS REPORT. To learn more about the stories in tonight's broadcast, to watch our streaming video and to take part in our daily blog, go to NIGHTLY BUSINESS REPORT on pbs.org. You can also e-mail us at nbr@pbs.org And that's NIGHTLY BUSINESS REPORT for Monday, January 21, Martin Luther King day. I'm Susie Gharib. Good night, everyone. We'll see all of you again tomorrow night.

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