

The Miami Herald

Posted on Mon, Nov. 15, 2010

South Florida startups defy odds, create jobs

By Nancy Dahlberg

ndahlberg@MiamiHerald.com



Peter W. Cross / For The Miami Herald

Salvatore Cavalieri is the owner of Energy Sheriffs, a startup company that offers free energy audits to customers, then for a fee will install the recommended energy efficient devices to lower your electric bill. If you don't see savings within three months, there is no charge for his service -- he guarantees it.

After 15 years working in the nonprofit sector, Adam Horowitz launched ProSource Solutions a year ago. He was a team of one providing accounting and strategic planning services for nonprofit organizations and small businesses. Now: Nine on the team, soon to be 12.

After 20 years in the construction and real estate industry, Salvatore Cavalieri started Energy Sheriffs in February to provide energy savings to homeowners. Energy Sheriffs is now a company of 10.

A former manager in the mortgage business, Annette Wellington launched Senior Helpers in Broward in 2008 with about 10 part-time employees. Now she has 73.

As Global Entrepreneurship Week kicks off this week, interest in entrepreneurship has never been higher, despite — or maybe because of — the economy, experts in the field say. Laid-off workers create their own jobs. Others build side businesses just in case. Still others make the leap because, with less security in corporate America and good deals on office space and talent available, the time now seems right.

“A lot of people are realizing when you start your own business, you actually know what your future is going to look like to a better extent. You have more control over it instead of just hoping you won't get fired,” said Susan Amat, executive director of the University of Miami's Launch Pad entrepreneurship center, which is sponsoring most of the Global Entrepreneurship Week activities in South Florida.

Indeed, Kauffman Foundation research shows the Miami -Fort Lauderdale metropolitan area was the second-busiest in the nation for new entrepreneurial activity last year, just behind Houston. In the Miami area, 610 out of every 100,000 people, or 0.61 percent, started a business — almost double the nationwide rate of 0.34 percent, said the study's author, Robert Fairlie, a University of California-Santa Cruz economics professor.

But that doesn't mean everyone is doing it right.

“South Florida needs sophisticated entrepreneurs, not the wild, wild west,” said Rafael Cruz, regional director of the Florida Small Business Development Center in Broward County. His advice to would-be entrepreneurs: “Take a year to do your research, learn your competition, write a plan, build your team.”

Horowitz actually took seven years to get it right before he launched.

As an executive in the nonprofit sector, he saw the repetitive financial and organizational challenges that nonprofit and small business owners were having because they could not afford to hire CFO- or COO-level expertise. He knew there was a need for what his eventual company would offer — a wide range of accounting, budgeting and payroll oversight as well as strategic planning, program development and startup services — but he spent years brainstorming, seeking feedback, planning, structuring and tweaking.

“I have a family. I didn’t have a nest egg to fall back on — it was a lot of my wife and I talking and getting comfortable with what would be a real risk,” Horowitz said. “But it got to the point where we were scared but comfortable making this leap.”

Now, less than a year later, he has 42 clients, from South Miami-Dade to Delray Beach. One of them is Foster Care Review, a child-advocacy agency in Miami that helps the courts monitor the safety and well-being of children in the foster-care system.

“He saved my life,” said Ana Maria Pozo, the executive director, adding that he has also saved her nonprofit agency money. “I had four different consultants helping me with accounting. Even though they were CPAs, they didn’t know nonprofits. Adam knows.”

As Horowitz has added clients, his team has continuously grown; they all get profit-sharing and, starting in January, a 100 percent company-paid benefits package. He plans to continue building business in South Florida and then start a ProSource a little farther north to show that the model can be replicated. After that, he said, he will explore franchising.

Horowitz credits his extensive planning for much of his success. That and help via Miami Fellows, an 18-month leadership program through the Dade Community Foundation that Horowitz participated in before launching ProSource. Not only was he paired with a mentor, Barbara Boxer of the Women Angels Network, but his business idea became a Fellows weekend group project. “I didn’t know exactly when, but I knew then I was going to do this,” he said.

Now he’s paying it forward as a volunteer venture coach for The Launch Pad, helping other emerging businesses.

Many community programs help entrepreneurs nurture their businesses.

For instance, Wellington credits the Small Business Development Center with helping her secure a Small Business Administration-backed loan earlier this year to grow her Senior Helpers business from a small companion-care operation to a home healthcare agency in Broward County.

After Wellington was downsized in the mortgage industry in 2007, she went looking for an opportunity to start her own business and help senior citizens, a passion of hers. She launched the business with personal funds, but two years later greatly wanted to expand.

“People were telling me don’t even think about a small business loan. Don’t listen to them — work on it,” Wellington advises entrepreneurs. The Small Business Development Center also helped her with her cash flow and business planning.

“We don’t give them answers. We help them think through the process,” said Cruz about the SBDC. “Entrepreneurship is about continually testing your assumptions. One thing entrepreneurship is good at is making you humble.”

Amat said she has seen a spike in interest this year at UM’s Launch Pad, which she founded in 2008. More students hope to run their own businesses upon graduating instead of looking for a job.

More alumni are coming in , too. “They see this as a good time to start that new thing — to just try,” said Amat. “Some have started technology companies. They got a little seed money or put it together on their own, and they are doing well.”

And the economy is making people more realistic.

“In the beginning, people would come in and say, ‘I have an idea and need to talk to a VC [venture capitalist],’ ” Amat said. “Now people are looking at bootstrapping and understanding they will need to do this for awhile. I think that is a great thing to see. People realize they need to use resources smarter.”

Among some of the newer programs in the community:

Broward SCORE recently started a four-week program called Quick Start, designed to help those thinking about starting a business to assess the situation before launching. SCORE Miami added a workshop, including one scheduled for Wednesday, strictly about applying for small business loans in the current environment.

Both the Broward and Hollywood SCORE chapters held “speed counseling” days this year for the first time. In 30- to 45minute sessions, participants can get advice on their issue and be introduced to SCORE services.

- This week, Florida International University’s Pino Global Entrepreneurship Center is putting on its first Americas Venture Conference to bring together investors and entrepreneurs from the United States and Latin America.

On Dec. 1, the Pino Center will hold its second “FIU Pino Shark Tank” this year, at which participants’ business plans will be critiqued by an expert panel.

- The Meek Entrepreneurship Education Center at Miami Dade College just partnered with the Miami Dade Chamber of Commerce to offer the chamber’s Miami-based Young Professionals Network members scholarships in its 12-credit entrepreneurship certificate program.

“The program takes new and emergent business owners and provides them with education and training to grow their new businesses to scale,” said H. Leigh Toney, the Meek Center’s executive director.

Experts suggest using programs like these because it is job creation that will lift South Florida — where the unemployment rate is 12.1 percent — from the depths of this downturn.

“There’s always a risk to starting new ventures,” said Thom Ruhe, director of entrepreneurship for the Kauffman Foundation. “The upside is that we understand through our research that startups are the single source of new job growth in this country right now. The large established companies have continued to shed jobs.”

Last year, Kauffman studied job-growth statistics from 1980 through 2005, and found that firms less than 5 years old accounted for all net job growth in the United States.

History suggests that businesses formed in a poor economy may be building on a better foundation. More than half of the companies on the Fortune 500 list were launched during a recession or bear market, Kauffman’s research shows.

“If you start a company now, chances are you are going to have to be much smarter about it,” said Ruhe, a serial entrepreneur himself. “You are going to have to be far more thoughtful to survive in these times, which gives you a better game plan” for surviving in the future.

The crummy economy is actually helping some new businesses — particularly ones in the business of saving people money.

Both Horowitz of ProSource and Cavalieri of Energy Sheriffs offer a money-back guarantee if their clients do not see savings from their services. Neither has had to refund any money.

Cavalieri’s company performs free energy audits and then gives the client a list of recommendations of affordable services Energy Sheriffs can provide for fast savings — savings customers will see in months, rather than years.

“It’s part psychologist,” he said. “We look at what people do to waste energy, and if they don’t want to change their ways, we have technology that will help.”

That could be reflective paint, more-efficient window shades, standby power eliminators, automatic door-closing gadgets, even things as basic as changing to energy-efficient lighting. “We buy back old bulbs. The customers love that,” he said.

Cavalieri also believes people want to save money by doing something good — reducing their carbon footprint. “They are very happy after they see their bill go down.”

The bulk of his business has been from Broward and Palm Beach counties, but he also serves Miami-Dade and Martin. He recently began offering customers a “layaway plan” to help with the costs of services.

Next, Cavalieri plans to license or franchise his model, and has already had seen some interest. He has received help on that from Nicholas Castaldo, vice president and equity partner of the Anthony’s Coal Fired Pizza chain and a Nova Southeastern professor.

Ruhe praised South Florida as a community that understands the benefits of entrepreneurship.

“What you do to encourage and nurture startups today will pay dividends a couple of years down the road,” said Ruhe. “The fact that you have this very strong appetite happening in your region, that should bode well for the future of your region.”

© 2010 Miami Herald Media Company. All Rights Reserved.
<http://www.miamiherald.com>