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Section 10

Starting a Retirement Business While Still on Someone's Payroll

By COELI CARR

In 2001, Charlie Ferguson, an electrical engineer, then 50, was still six years away from the possibility of retiring with a full pension from Allison Transmission in Indianapolis. At Allison, a General Motors division, he worked, and continues to work, as an electrician.

But after carefully considering his passion for chili peppers — and the accolades and encouragement from friends to market his homemade salsa — he and his wife, Glenda, decided to start their postretirement careers sooner rather than later. Ms. Ferguson also owns her own home business, WordQue, which provides captioning and transcription services.

By 2002, with Charlie as the C & G Salsa Company's chief executive and Glenda as the president, the Fergusons were selling their Crazy Charlie's Salsa locally, offering three different heat intensities. The next year, Kroger introduced the salsas in 150 Indiana and Illinois stores. In 2004, C & G added two chili sauces to its product line and picked up 110 more Kroger stores. This year the two entrepreneurs, with four jobs be-

tween them counting the two with C & G, project that the company's revenue will reach \$600,000, not bad for a side business.

Although baby boomers are being deluged with advice on how to plan for satisfying and productive second acts, the time frame for setting up a business that, ideally, provides an income stream during one's golden years — or at least makes it possible to say goodbye to the old job — is hardly clear.

"Going into this, you've got to have a financial base," said Mr. Ferguson, who says he may not retire from G.M. next year, even though he's eligible.

His wife, who says she "doesn't want to quit her other job too soon," echoes his caution. "I recommend people start planning before they retire," Ms. Ferguson said, "especially in today's world, where pensions are no longer a guaranteed thing, when companies are taking them away right and left."

For some experts, this uncertainty makes the Fergusons' way of doing things — hanging on to their old jobs and self-financing C & G — a wise strategy.

Most people do not succeed with their small businesses because they do not have

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enough capital or they have too much debt, said Teresa Ghilarducci, a professor of economics and director of the Higgins Labor Research Center at the University of Notre Dame and editor of "What You Need to Know About the Economics of Growing Old (but Were Afraid to Ask)" (University of Notre Dame Press, 2004). "It's better to have other sources of income, have your medical insurance taken care of, have no debt and accumulate a pension."

Referring to Mr. Ferguson's situation, she said: "He has a good pension and security. That makes a lot of sense. He's beating the odds."

Herb Greenberg, founder, president and chief executive of Caliper, an international human resources consulting firm based in Princeton, N.J., calls the Fergusons' strategy brilliant. "They're not dependent on their enterprise for money, so they are able to build at their pace and still have substantial income," said Mr. Greenberg, who was a co-author of "Succeed on Your Own Terms: Lessons From Top Achievers Around the World on Developing Your Unique Potential" (McGraw-Hill, 2006).

The ability to "try out options," while other work provides a secure financial situation, is important, he said, because if the new project does not work out, there is still time to pursue other avenues. Starting a business after one has officially retired provides less flexibility. "The downside of doing it sequentially is the loss of years," he said.

How do middle-aged people find

the stamina to keep both their secure jobs and their entrepreneurial ventures afloat?

Lisa Haneberg, a management and leadership consultant who also coaches people in the process of becoming business owners, says the answer is focus, which she defines as "the coming together of all parts of my life for a common goal."

The greatest liability in setting up one's own company is the unwillingness to work at it every day, said Ms. Haneberg, whose new book is titled "Focus Like a Laser Beam: 10 Ways to Do What Matters Most" (Jossey-Bass, 2006). "A lot of people

How will you finance that second career? Check the mirror.

think they can do it for an hour on a Saturday," she said. "They don't add a new habit into their habitual life."

A person is most focused when "you're willing to play with what gives you energy and passion," Ms. Haneberg said. "Disciplined resoluteness is fed from passion; it doesn't happen by magic."

But for many baby boomers, what's even scarier than having to dig deep within themselves to arrive at a suitable postretirement career is the prospect of juggling the new venture, sometimes stealthily, while still working at their primary jobs.

"While you need to be responsible, it's well worth the risk to create

something special," said Daniel J. Kadlec, a financial writer and co-author of "The Power Years: A User's Guide to the Rest of Your Life" (Wiley, 2005), who points to the "deterioration of safety nets — such as pensions and Social Security benefits, which people are coming to realize may not be there for them down the line — as a reason to create a bridge to full retirement."

"Employer loyalty isn't what it used to be," he said. "They're taking care of the C.E.O., but certainly not the line worker anymore. You've got to take care of you."

Many agree, however, that treading lightly is advisable. As Rick Miners, a consultant and the co-author of "Don't Retire, Rewire!" (Alpha/Penguin Putnam, 2002), said, "There's delicacy here."

The worker may be overly tired or spending too much time away from work, and "if your primary employer feels they're being taken advantage of, it may create a problem," he said.

And, he added, while working on the new company with one's spouse provides predictability, not everyone has the inclination to do so. With work stressful enough as it is, he said, the absence of emotional downtime just adds pressure.

Mr. Ferguson, however, has always seen C & G Salsa as a win-win situation for him and his employer. "It doesn't have to be negative," he said, adding that a number of people where he works have developed entrepreneurial interests. He says he believes that his outside business benefits his employer. "Here you've got someone learning new things," he said. "You're getting a better employee."



Tom Stratman for The New York Times

Charlie and Glenda Ferguson introducing a prospective customer to their salsa.