

Start-Up Diaries

► A PMP Shares His Successes and Failures As He Branches Out On His Own

Fun with Finances Bedevil Startup

By Peter F. Schopen Jr. • Contributor

After years of working with my family as a second-generation pest management professional (PMP) in the Chicago market, I decided in November 2005 that I needed a change. It has been an incredible challenge but very educational. Over the coming months, I plan to chronicle the rise (or fall) of my new pest management company.



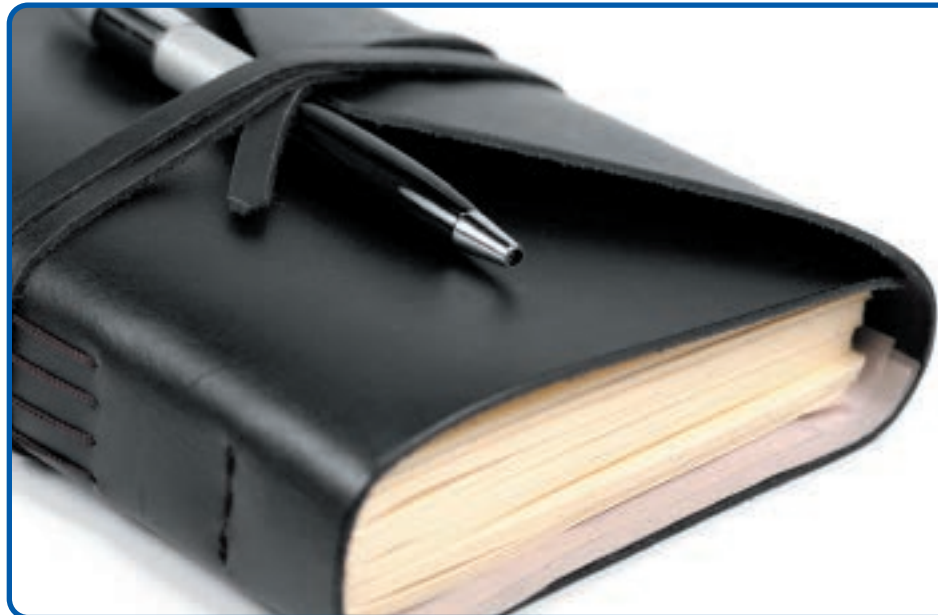
PETER F. SCHOPEN JR.

Why do this? I think this can help future start-ups avoid pitfalls that I have run up against during my first year of operation. During the course of the next 12 months, I am going to document *everything*, including obtaining business licenses and insurance, creating artwork, logos, sales brochures and company policies, and securing money.

ALL ROADS LEAD TO PEST CONTROL?

I love my family very much and because of that fact, I knew I could not continue to work with them. When you are work for your father and with three siblings, one uncle, two nieces, a boyfriend of one niece and a fiancé of another niece, things can get a little testy.

There came a time when I was



physically ill from the stress caused by disagreements I was having with family members on how we should be running Mid Central Pest Control. The ironic thing is that the pest management industry wasn't supposed to be my calling.

I was destined for radio stardom as the next Vin Scully or Red Barber (ah, the dreams we have when we are young). After working for my father during college, I graduated from Elmhurst College with a degree in communications and started my broadcasting career as a news and sports director at a KMOR/KOAQ radio in Scottsbluff, Neb. By the time I was 26, I had worked in markets in

Cape Girardeau, Mo.; Cleveland, Miss.; and Raleigh, N.C. At the time, I was the youngest broadcaster in the Southern League of Professional Baseball, announcing games for the Pittsburgh Pirates' minor league team, the Carolina Mudcats. I also started broadcasting college football and basketball, and was filling in on a Raleigh "all-sports" station as a guest host. Things were great.

Then life threw me a proverbial curveball: On April 20, 1998, my beautiful son Trey was born by a C-section. My in-laws came down from Chicago for the birth and were there at time of the delivery. That same night, they went out to dinner — and my father-in-law had a massive heart attack and died in a hospital across town. The loss was devastating for my wife and her family, and we soon decided to move back to Chicago so I could take care of my wife, my new son and my mother-in-law.

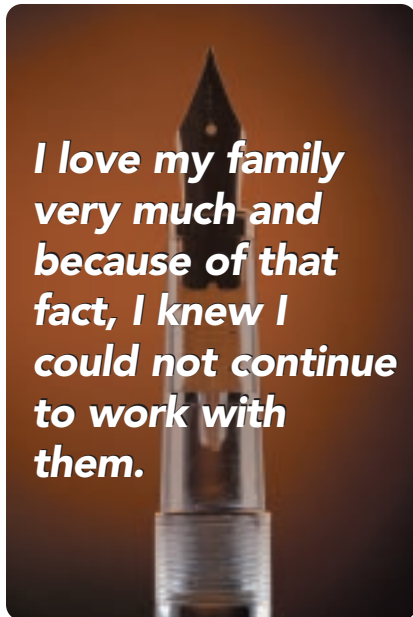
Editor's Note: This is the first in a series of "diary entries" from Peter F. Schopen Jr., a second-generation pest management professional (PMP) who has struck out on his own to begin Schopen Pest Solutions in McHenry, Ill. We've asked him to chronicle his experiences and share them with our readers.

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After trying to land a radio gig in Chicago, I approached my dad, Pete Sr., about coming to work for him. He agreed and thus started my second career in pest management.

After a few months, I was given the reigns of the company and Mid Central doubled in size, to nearly \$1.6 million by 2004.



TIME FOR A CHANGE

When you run a family business, you must wear many hats: executive, accountant, human resources manager, janitor, sales person and technician (Did you notice that I put the technical part last?). I knew that my ability to successfully run my father's company would help me start my own.

If my dad had his way, my company would be called Benedict Arnold Pest Control, not Schopen Pest Solutions. As a business owner, he wasn't happy with seeing his right-hand-man leaving. As a father, however, he has been incredibly supportive.

He's only accused me of stealing

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customers twice (Just kidding, Dad). In January, with the beginning of a new year, he almost had me talked out of leaving — but by February, my mind was made up, and I started to move forward.

The first step was deciding on a date to leave Mid Central. I originally chose July 1 to give me five to six months to get everything prepared. Plus, it's the beginning of a new fiscal year.

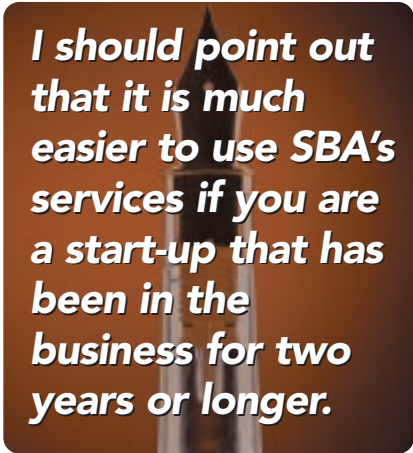
As it turned out, I was incorporated by April 11, and out of Mid Central completely by April 21 — nearly eight years to the day that I decided to leave broadcasting.

Tip No. 1 for starting up a firm: Make sure you have money. The first mistake I made was trying to start a company without proper funding.

On March 1, I had a total of \$5,500 in the bank and \$2,200 in other liquid assets. I already had a line-of-credit against my house (for home repairs), so to keep my timetable, I had to refinance. The good news is I got a 90-percent home value loan, with a \$12,000 cash out. By refinancing, I also got a clean slate on my credit cards and paid off my \$22,000 line-of-credit.

The bad news is that my house is my bargaining chip. If things go badly, I could lose my home. There is no greater incentive to do cold-call sales than looking at your family every morning knowing that you are risking *their* home to start up *your* business.

Why didn't I get a small business loan? A small business loan is *not* given to you through the Small Business Administration (SBA). It is given through a bank, and the SBA will protect the bank for up to 75 percent of your loan. It is totally out of the entrepreneur's hands. Therefore, you must have collateral and 25 percent of the loan amount in liquid assets. I had neither. I



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should point out that it is much easier to use SBA's services if you are a start-up that has been in business for two years or more because you're a proven commodity.

When I finally refinanced my home at the end of April, I had already used all of my savings. Nearly \$800 went to a lawyer for incorporating. Another \$150 went to my accountants to set up my Federal Tax ID number and bank accounts. Phone directory advertising cost me \$796 for two Wisconsin books and one Illinois book. I also had to shell out more than \$2,000 for insurance (health, auto, liability and disability). On top of that, I had to pay for my Wisconsin and Illinois licenses (\$300), phone lines (\$200), uniforms (\$150), business cards, magnets and novelty items (\$1,500), power sprayer (\$2,000) and chemicals (\$500). I managed to save \$325 on truck decals by trading services. Dad let me keep my laptop and digital camera from Mid Central, which saved me an additional \$1,500.

By the time April 30 rolled around, I had spent upward of \$10,000 and banked only \$825. May and June were much kinder to me, however — and I will tell you all about it in my next installment. **PC**

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