CAS Podcast: Entrepreneurship

NARRATOR AND EDITOR RICHARD GAY: This is 30 Brave Minutes a podcast of the College of Arts and Sciences at the University of North Carolina at Pembroke. In 30 Brave Minutes we'll give you something interesting to think about. Joining the dean of the College of Arts and Sciences Jeff Frederick is Tom Hall, Executive Director of the Thomas Entrepreneurship Hub. Their topic for today: Entrepreneurship.

FREDERICK: Small business Trends magazine has any number of interesting metrics. That might come as a bit of a surprise. 69 % of U.S. Entrepreneurs start their businesses at home. The majority of small businesses are structured as corporations, 42%, followed by LLC's, 23%. All told the country features around 29 million small businesses, making the typical American business a small business and the typical American worker an employee of a small business. Fortune Magazine notes that startups increase when credit is cheap and readily available and when entrepreneurs believe their new Ventures will succeed or that they can easily re-enter the workforce in traditional jobs, if the new business they start fails. How often do new businesses get launched? Over half a million each month. Restaurants are frequently cited as among the new businesses most likely to fail but new research indicates it might not be quite as difficult as previously believed. While around 9% of all American businesses close each year and about 50% of small businesses fail in the first four years, usually because of bad management decisions or insufficient cash flow to survive until profitability or some unusual experience like a natural disaster, new ideas and new companies do come into the market every year. American invention and innovation has created a historic sentiment that a new idea to make a product, process, or service bigger, faster, better, cheaper, or more convenient will always be welcome in the marketplace. One reading of the economic history of the United States is that good ideas come and take root until they're replaced by better ideas. The market is far from perfect, but it eventually makes pretty sound decisions about how to produce goods and services, how to treat employees and customers, and how to create value in your community. Sometimes these market decisions come from internal pressure or external changes. Sometimes businesses enter the marketplace too soon. Sometimes too late. Good ideas sometimes don't get funded and in some cases bad ideas do. Yet in the end American capitalism and personal entrepreneurship rolls on. Startup funds most commonly come from the entrepreneurs themselves, from family, friends, or personal savings. Small business administration data indicates that the average SBA 7A approved loan amount was about $370,000. By percentage the most commonly approved application comes from an existing business, owned by a white male in a non-rural location, metrics particularly noteworthy given the diverse population and rural environment of southeastern, North Carolina.

Small business is the most common story in communities all over the country from big cities down to rural Southeastern North Carolina and everywhere in between. Let's pull apart how small businesses get started, how they overcome the challenges of starting up, and how they grow. Our topic for today: Entrepreneurship. And joining me is Tom Hall, Executive Director of the Thomas Entrepreneurship Hub and an expert in starting operating and maximizing small businesses for success. Welcome Tom.

HALL: Thank you Jeff.

FREDERICK: Let's start with the basics. Let's say I have an idea for a new business or a product or a process or some sort of service. What kind of questions should I be thinking about next?

HALL: So if you want to start a business what we tend to probe as you come in with all the passion that you might have, thinking you to be the owner of your business and your own man, we ask, you know, what problem is being solved? Why would anyone buy from you? What's in it for them? What's the basic benefit that you might be delivering? Why should they believe you? In other words, why would anyone think that you could deliver this business? That's really where we start. We want to make sure they've got an idea that's got hope. And it really probably comes down to what kind of problem might be solved that's not being addressed right now in the marketplace.

FREDERICK: So, first thing is, I get all excited about this great new idea and I come in here and then you kind of have to get my feet back on the ground.

HALL: Yeah.Yeah, sometimes I believe, and I feel badly about this at times that we're throwing water on the idea or throwing water on what someone probably has thought a lot about and is very excited about. But the reason we do that, if you don't have certain fundamentals at the beginning, in terms of the idea, then you're going to probably fail. And the chances you're going to fail already, anyway, for a lot of reasons, are pretty high. So what we're trying to do is reduce those risks and really get you off to a good start and that really, really starts with your idea. You know, as I said, do you have a strong benefit? Is it solving a problem? Against what kind of a target? Can you describe that target? I mean, who would actually buy you? You only have an idea until someone buys your product or service. Then you have a business. And so, we want to make sure they understand that and it might be a timing issue. Some ideas are great, but not timed right, as you said in the introduction.

FREDERICK: So I have to first of all know that what I'm proposing to do solves a legitimate problem that people are willing to pay for that solution.

HALL: Right. Right. Solves a problem, adds some value to the category or industry. I mean, maybe there's a reason why people might buy you. One of the principles we also go over with a lot of these startups is you try to be differentiated. You try to be different. If you're not different, if you're a 'me, too' or your similar to somebody, it's very hard. The data shows it is very hard to pull somebody away from what they're currently doing. So if you want to pull somebody away for example, you want to start a car wash. You cannot start a car wash offering the same kind of a service at the current car wash offers because people won't switch. If you have something different, I don't know, a different type of waxing, or whatever it might be, that gives people a reason to switch and it has to add a lot more and has to be a lot different and add a lot more value for a current user to switch over to your idea.

FREDERICK: So differentiation has to come either from a cost perspective, 'What I'm offering is significantly lower,' or from a quality perspective.

HALL: Yeah. Yeah, there's a lot of ways, I mean, cost is certainly one, and we advise people to not get into the cost game as a way to introduce your business and service because if you, unless you have a very strong manufacturing idea or new process that really drives down the cost, you're not going to be able to compete on cost. We want people to compete by being different. Differentiation, and there's lots of ways. You can do it by your product performing or your service performing differently or better. You can do it because you're covering a gap. In other words, if you use the car wash example, you're going to put that car wash where there is no car wash, in some county or you going to provide that service where it doesn't exist, so there's a channel or there's a distribution aspect to that. You can do it in customer service. Lots of ways you can differentiate yourself, but we don't want people to come out of the gate focused on cost. And a lot do. They think "I'll just do it cheaper." If you're on that strategy, but you're not cheaper, you're dead.

FREDERICK: Right, because if you came up with a way to cut the cost significantly, someone else in the great spirit of American innovation, right? I'll take an existing idea and make it better. They'll cut your cost as well. And then if you don't have a quality or a unique way to solve that problem, you've engineered yourself right out of the business.

HALL: Yeah. You're right, Jeff. And another principle that we try to go by when we talk to these startups is we're not talking about your company in the same way we would talk about a Proctor and Gamble, for example. A large company with large systems that's been around for a long time can start driving down cost. They've got those resources. A lot of times a start up, they won't be in a good cost position because will be sourcing their products, I don't know, from some manufacturing North Carolina, or China, but they just won't have that leverage.

FREDERICK: They lack the economies of scale to reduce their overall cost.

HALL: Exactly right. So the whole feel of how we're consulting with startups is that you are not Procter & Gamble, you're not Colgate. Even in the treatment of your financials, we're not going to teach you all about, you know, how to be super sophisticated with your balance sheet, for example. We're going to focus on your cash flow. How are you generating cash that month? And where is it going? And do you have any at the end?

FREDERICK: Yeah, because in the end it's about making a living and squirreling away something for the future. You can do that by volume. You mentioned Procter & Gamble. Think of all the people, all the bars of soap that they sell. You can do that really by margin. You have a product that's very specialized and you make an awful lot between the difference of what it costs you to make it and you sell it or you can create a captive market where your product is so proprietary that your customers can't buy it from anyone else. So if you're not filling one of those three needs, it's hard to clear some cash at the end.

HALL: Yeah, yeah. You're exactly right. Now, there's a lot of really great examples. We try to get the start up to, you know, as I said, create a persona, create, you know, the image of who is going to buy your product and if you can't yet narrow that down, you've got to be careful about what you're selling. I mean, you may not get a customer. And then we try to figure out where is the beachhead? Where are you going to penetrate in a very narrow scope to attract that persona, to attract that target? And sometimes startups say well, it's just, you know, it's just not very big. It's just, I don't know, the town of Pembroke, for example, I've got this great idea, but I only have a hundred customers now. So, when you go to, you have a hundred passionate customers, that's your beachhead and that's your start. You know, obviously a Procter and Gamble would never touch that small of a segment but, as a start-up you need to get someone to buy your product or service and then you're in Business. Without that, I mean, you're just dreaming.

FREDERICK: So, let's think about capital, and ways in which to figure out how much I need to be capitalized in order to get started. I think some metric, like 80% of small businesses fail because they don't have enough cash flow to get through waiting to establish that beachhead that you talked about. How do I know how much money I need? Well, there's...certainly it's by business. There's some businesses, let's say they're technology driven or an application that may not require much cash at all. There's certain requirements. And if you're you selling a product and you have to develop that product and bring an inventory, there's a different cash need and in terms of employees you have. If you're sort of sales intensive, you might need more cash than if you're. I don't know, selling through Amazon in some way. So we go through that. We try to figure out their metrics and, as I said, we take a hard look at their cash flow and there's lots of formats and templates. We draw it out. We try to string it out for a year or two as to how much your cash, how much cash you're going to need. And the second part of that is going to be whose going to give you that cash?

FREDERICK: Right.

HALL: So, there are a number of programs. The Small Business Administration certainly has programs but a lot of those programs, as you said in your introduction, are typically targeted to small businesses that have some cash and some flow already. They're, in many ways, looking for some Revenue stream. If you don't have that then you have to go to a different source and it's probably not going to be a bank, a traditional bank. We have access to those. We have an innovation fund that is a locally generated fund backed by Thread Capital which is a rural center program. We also work with the Carolina Small Business Development Fund. Both of those institutions have programs that startups could get five or twenty-five thousand dollars to get going, either for a no or low interest loan.

FREDERICK: So I have a working knowledge now of how much I need to be capitalized in order to survive the first couple of years and I have a bunch of potential places to go: banks, small business loans, some of our friends that you'd mentioned. What kind of questions are they going to asking me? What are they going to want to know from me about what I intend to do before they decide to write me a check?

HALL: It's interesting. They're going to want to see that you've thought through your business and that gets into the planning stages, the business planning stages, however you want to define it. There's some models. Business Canvas, for example is a very short plan or you can go draw it out to 20 to 30 pages of an extensive plan. But they're going to want to know that you've thought out your business so you understand your revenue streams, where you are going to get revenue, where you're going to produce the product or service. Those kind of nuts and bolts of it. And when they take a look at that they're going to want to make sure you're not doing some of the classic mistakes. For example, having a hockey stick projection, where you say the first couple of years is going to be nice and steady. We're looking good and then all of a sudden year four I'm going to triple the business, so invest in me. That's a big washout to them. If you start to have those kind of unrealistic revenue projections, they're going to...probably you're going to lose credibility. They're probably not going to want to fund you. They're also going to take a look at your personal credit. A lot of startups don't realize that what they're bringing in personally matters, not only from a credit standpoint. They're going to look at your own personal credit history, so if that's not in good shape, a lot of times, I'll tell startups you either need to bring in a partner whose personal finances are in better shape or you need to wait a year or two and fix up your own personal situation because that does make a difference. And I think they're also going to give you the, you know, the confidence check. They're going to sit across the table, like we are right now, and they're going to kind of size you up like any business person would. They're going to see if you're blowing smoke or if you've done the work or if you're credible and if you're going to do what you say you're going to do. There's a lot of investors you could say, Warren Buffett or other people like that, famous investors, that say, they'll invest in the people, more than anything. And I do think there's an element of that. They're going to make sure that you're trustworthy, your hard-working, you've got a good idea, you're also adaptable in business. Your initial idea may not be the idea that makes you the money. You start off with that. You have to adapt, depending on the marketplace, depending on your own skill set or depending on what happens that's out of your control. So they're going to want to see somebody that can adapt and keep moving and then not give up.

FREDERICK: So a funder wants to see some numbers on a page. They want to make sure that it's well thought out and it's well-conceived, but they also want to gauge do you have some skin in the game? And are you by reputation, by previous credit history, by the subjective ways in which we carry on a conversation, are you somebody that I can invest in?

HALL: Absolutely right. So they're going to talk about your idea. And as I said earlier, you're going to want to make sure that idea is unique, it solves a problem, and all that kind of simple, fairly basic starting points for a venture and then they're going to want to make sure you have done some numbers and we have a simulation that we can run that provides those kind of numbers. And so you're going to have some forecasts and that forecasting needs to be built into some structure, probably a cash flow estimate over a couple of years. That's pretty standard so they can see where you're spending the money and almost by month in the first year. And then, as you said, right, it's going to be a matter of do they feel confident, do they feel like you're going to deliver? Like in any situation you need to establish that credibility.

FREDERICK: Because, in the end, if I see you on the street, and I say, Tom, how about loaning me 20 bucks? You're going to have two questions for me. What do you want it for? And when am I going to get it back?

HALL: Yeah. Yeah. You're exactly right. Now one thing that I noticed, and I think it's absolutely true, and I tell startups, if you failed a couple times with a startup, that is not viewed negatively unless it was a failure due to laziness or something unethical if you if you did that, then that's going to be viewed poorly. But let's say you start a business and it has all the elements and a lot of businesses are wonderful businesses. They just don't succeed for a lot of reasons. You know, a lender is not going to take that and slam you. They're going to take that and say okay, what you learn?

FREDERICK: Right.

HALL: Because they want... If you're a serial entrepreneur and you keep going back to the well, eventually you're going to be successful if you keep learning. So if you failed in the past, I don't think that's game over as long as part of establishing your credibility, you said look, I did this two years ago. I learned this, I didn't have enough of this and now I do, now I've learned, and I want to try this idea now.

FREDERICK: It's like my philosophy at shooting three-pointers. I'm going to keep chucking them up. Eventually, one of them is going to come in as long as I've learned from the ones that don't go through the middle.

HALL: The key is learning and adapting. Not just doing it over and over again.

FREDERICK: So there's a lot of times where, you know, you, in terms of consulting with folks or a funder, will say, "Look, I like your idea; I think this is going to work, but you're not ready yet.

HALL: Yeah. Yeah, that's right. And we have programs in the hub, accelerator programs or we have an incubator where we will take businesses and bring them in and help them and there's lots of others across the state that will nurture those incubators, or nurture those startups in an incubator until they're more ready.

FREDERICK: All right, so I've got a business plan, I've got some dollars, you looked me over, you know, you thought this is going to work out. Six months into the process, I come sit down with you and I say, "Tom, here's where we're at in the first six months." What are the kinds of things that you want to know to help me determine if six months in I'm still on the right track?

HALL: Well, I think we'll go back to the idea and the concept and we'll talk about how it’s developed.

FREDERICK: Am I solving the problem I thought I was solving?

HALL: And a lot of times, call it cycles of learning, or iterations or some of the stuff that, you know, Deming pushed out, in terms of constantly learning. It's very possible that that idea has evolved as you learned in the market. So I want to know what you've learned and how the idea has evolved and where it's going. We'll probably talk about how you are generating revenue. Who is your customer? Who is buying you? Or who did you think was going to buy you? Are they still buying you and let's evaluate that to make sure that you're on track and there's a lots of principles that you can go by to determine that. It's kind of a cliché, but fail fast, fail cheap. Those kind of techniques where you get out quickly. For example, if the customer is not who you thought it was, quickly go out and do some research. Intercept them at the mall or go see them and try to figure out who your customer is and that may have changed.

FREDERICK: Let me ask you this. If I get my business up and rolling for six months and I came in to see you and you asked me a couple questions and then you decided to go talk to some of my customers to find out am I really solving those problems? What are the kinds of things you would want customers to say about my new business and what are the kinds of things that customers would say that would set off alarm bells for you?

HALL: Well, I'll start with the alarm bells. If the product or service doesn't perform as you promised, if there's no trust established, in other words, you're saying you're going to deliver something and you don't, the customers saying hey, I bought this and I haven't seen him since, and it's not working properly. So if you're not delivering on it, that's a big 'watch out.' That means you're not standing behind your product and your product doesn't work and you also don't care enough about your customer.

FREDERICK: You know in the world of social media, disgruntled customers no longer keep that information to themselves.

HALL: Yeah. There's no question. There's no question that you can very quickly, if you're abusing your customer, be out of business. And you're right, some bad reviews or whatever is going to tell. These young customers these days have lots of mechanisms and methods to let the other customers know you're not delivering. But on the positive side, you're going to want to understand how that customer gathers information and makes their decision. So when I talk to this customer, I would say, how'd you find out about the product? Is it as advertised? Did it work? Is the interaction, hopefully from personal level, a salesman with a company in some way, are they in contact with you? Are they delivering? Are you happy with it? Is it priced right? Those kind of things, and then you probably ask some sort of repeat numbers. Are you going to, you know, buy it again? Are you going to tell your friends to buy it? There's going to have to be some element of is this business going to grow? Is this just a one-off thing where, I don't know? I bought a pet rock. I like the Rock, so no more Pet Rocks, right? Or is this something that's going to keep continuing.

NARRATOR AND EDITOR RICHARD GAY: We'll return to our program in just a moment. The faculty and staff of the College of Arts and Sciences are changing lives through education. To learn more about our departments and accredited programs as well as student and faculty achievements explore our website. Additional news and events may be found by following us on Facebook at UNCP College of Arts and Sciences. Remember you can subscribe to 30 Brave Minutes on PodBean and iTunes. You can also join us in changing lives by donating to the College of Arts and Sciences by clicking on the Give to UNCP button on our website.

FREDERICK: All right, we're at the 6-month period and I come in and I tell you what's going on and you're very happy with what we've done and you go talk to a couple of my customers and I'm doing a good job with them and I didn't just get them to sign and then abandon them. All right. So the next question I ask you is Tom, I think I'm ready to scale up or Tom, I think I'm ready to expand or Tom, I've got this idea for this complementary product that will fit in with what we're already doing. When do I know if it's too soon to try to grow because that is kind of the next part of the life cycle where I can really mess up?

HALL: Right. And again, you evaluate almost by how you are differentiated or where the gaps are. You might be able to scale up very quickly and also nationally if you're selling, for example, online on Amazon some product that's very very hot. So, I would say go for that as much as you can if you can supply the product. There might be a cash flow or a funding issue in terms of your inventory or if you're a service business, can you provide the service? You can't just expand and not be able to provide it. So we look at that. I'm a fan of making sure on your core product that you've penetrated as deeply as possible and what I mean by that before you launch other products around it, make sure your basic product or service is penetrating as deeply as possible to that customer base.

FREDERICK: First things first.

HALL: Yeah, and then stay on that. And also stay on that and keep improving the product. You know, famous examples would be the Apple iPhone, version 1, version 10. You launched version 1 quickly. Very quickly fix it up to see a version 2. So get out there and get experience with your core product, penetrate as deeply as possible. I also, I mean, if you can expand quickly and there's first-mover advantages and things like that, investors will recognize that, so you'll, most likely, be able to get the money, if it's a well-thought-out plan. One principle I will tell startups is you can go bankrupt growing too fast. It sounds counterintuitive, but if you take on too much business and don't satisfy that business, pretty soon you start to lose it all.

FREDERICK: You get overextended. You're unable to keep your current customer satisfied, your costs have increased dramatically and they can't keep up with the sales.

HALL: So if and when that starts to happen, you're starting to transition from a pure startup into a company, so you have to start. You're not going to be Procter & Gamble, like I mentioned before but you're going to have to start thinking about some planning principles about how are you going to deliver the stream of value? How are you going to deliver your products? Where to go so you can deliver that and I think in most cases it's better to grow slowly and do well. Do a really good job with your product and service. I'm not saying rest on your laurels. I mean, keep growing and fill in the gaps before the competition does, but the idea that maybe you need to go from 1 million to 20 million in six months and get a big office and a big high-rise and hire a bunch of people, that's a mistake. Just keep pushing it and grow in a smart way. I think that's the better way to do it.

FREDERICK: So there's kind of this philosophy that says, sometimes it's better to be second to the market because if I'm first, I'm going to make a bunch of mistakes and you'll learn from my mistakes and you can respond quicker to get your product in. And I've spent all the money educating the market on what the product does.

HALL: And this goes to your idea of if you're not ready. Now, the classic example might be Napster which came out I think about 20 years ago and Napster was started by a student at Northeastern and that was a music sharing application and there's a whole bunch of problems with that, right? They had violations of copyright and they had no real business model. They weren't charging so that didn't go well. But the group that learned from that is now doing very well as iTunes, right? So Apple saw what Napster was doing and Napster eventually went away.

iTunes learned. They were second to the market. They had a business model where they charged for the songs and they worked out the copyright issues with the music industry, and you see where they are today. So it's sometimes worth it to learn from the first in the market and then do better.

FREDERICKI: At that six-month period where I say Tom, I think things are going so great, it's time for me to scale up or expand, talk about how you would advise me about how different the skills are from starting a business versus managing the business.

HALL: Yeah. Oh, that's great. And this is classic example, and we do deal a lot. A lot of companies come in that are family-owned with the founder. This person that has started up is now, you know, I'm a father, or the grandfather and wants to turn it over, so there's a lot of those kind of issues, but that's kind of a family's succession issue and things like that. But the founder is unique, right? The founder has got the passion, and got the original idea and whether it's a family or the second stage that is growing, you're going to start to get into different issues. You going to have to maybe be a little more functional and maybe hire an HR person which nobody that starts a business loves to have, but you may have to hire a lawyer on staff which you don't want to do depending on the issues. You know, we just heard from Alex Monroe last week at our incubator, and he started Cape Fear Winery. He said one of his first full-time hires was a legal team because he was getting issues in terms of patent infringement and things like that. So the lawyers that he brought on were very important to his business but you have to think that through and you're going to definitely be transitioning from a lean and mean start up to some sort of an organization, so you may have to then hire people that may not have the original Founders vision and drive and all that but maybe are excellent managers of marketing, for example.

FREDERICK: Sometimes you have to know what your own limitations are, right? So, here's an example you will like from the World Series, as a Red Sox fan. Steve Pearce won the MVP, crushed a bunch of home runs, but if he had been placed on the mound, ok, go pitch, he would have been a great first baseman but a terrible pitcher. So, sometimes an entrepreneur develops this awesome idea and gets to the marketplace but has to sit back and say, "I'm not the guy to run this. I should be spending my time coming up with the next idea."

HALL: Exactly right. This entrepreneurial mindset might not be the same mindset you want to run a company, and you might get, you know, bigger lenders, a venture capitalist, depending on the idea. You may get substantial funding and as part of that deal they may take some of the equity. There may be some of those choices you have to make and they may also say, look, you're a pretty good entrepreneur and we like what you've done but this guy over here, this CEO, has taken his last four companies public, or something like that. They've grown up tremendously. He's got that skill set.

FREDERICK: Right.

HALL: He doesn't have your mind to invent it, but he knows how to run it and drive it. So, you might be taken out, right? That happens, sometimes. You either leave voluntarily, or you lose part of your funding. You don't own the company any more, but that's okay because you'll end up probably with a smaller portion of a much bigger company as they bring in resources.

FREDERICK: Really fascinating discussion. So, my business plan was successful to get me some funding. I'm off the ground. I'm running. I'm at the point where things are going well. Do I keep using that same business plan? When do I know when it's time to write a new one? When do I know, no, this is the plan? I'm sticking with the plan.

HALL: Yeah. It's interesting. Right? A lot of people would think the plans are useless, right? And you've heard all the talk about, let's say the military plans. Once the bullets start flying, the plans are useless. But I would say, regardless of your thinking about the plan itself, the planning process is really valuable because you go through and try to assess where you sit among the marketplace competition, things like that, and you'll learn about your business and your customer and your cost structure, and things like that. That's been important in terms of the business planning process. What's happening now, Jeff, is that I don't think banks or lenders, and we don't push a full-fledged 50 page business plan, where you stop developing business and you start writing for three months. We look at business plan summaries, what might be called a canvas which talks about all your partnerships on one page or maybe you have some financial. Maybe a nice cash flow statement. So, in three or four pages you're describing, you know, how you want to get started. Now what happens after six months? I'm sure things are going to change. You're going to have different partners. You going to meet different manufacturers or people you might want to hire or service providers, whatever it is your business does. So, I think you take that learning and you basically freshen up the plan as much as you can but don't rely on that being set in gold and what you run off of for two or three years.

FREDERICK: So there's an absolute science to this, right? Know what my costs are, know what my market is, what's my demographics? How well could I saturate it? But there's an art to this, as well, right? Knowing when to down shift a little bit and slow down. Knowing when to keep to the plan. Knowing when to cut and make some different decisions.

HALL: Yeah. No. There's no question. If you look at the way PayPal evolved. Those guys came out, if you remember, what those guys were doing. They were doing payments on a mobile app. That was their business model. It was going to be all driven by what's on your cell phone. You can send some money on your cell phone. They created a demo on the website that was a demo on how PayPal worked and they noticed after a couple months, they had more customers using their demo than the mobile app, by far. So they adapted within six to eight months. Right? I think it was around that time. They got rid of their mobile app. They devoted all of the resources to the website and that's how PayPal took off and they also noticed that a lot of people from eBay were starting to ask if they could use their icon of PayPal on what they're doing on eBay. And they're like, whose eBay? So they got another customer and initially they said to eBay we don't want anything to do with you. And eventually said, why are we doing that and they turned around and engaged heavily with eBay. So they went from a mobile app on the cell phone, which is probably part of their business plan, right? To build a customer base by themselves to partnering with eBay, going through the website and in a totally different direction within a year.

FREDERICK: Know your opportunity. See how your market is changing. React to it and keep working on solving a problem.

HALL: Stay flexible. Right. And keep searching for that business.

FREDERICK: Tell us a little bit about the Hub. What all kinds of activities do you have going on down there? What kind of services do you provide? How long have you been in operation?

HALL: Great. So the name of the building and the program is called the Thomas Entrepreneurship Hub. Thomas comes not from me, even though I am a Thomas. It's comes from Jim Thomas, who is the main benefactor. Jim grew up in this area. He now lives in LA. He was a fairly well-known developer for most of his career and has funded this in a large way. We have also have been funded by the EDA and Golden Leaf, that helped us. That funding basically took a 20,000 square-foot building which was a furniture store in downtown Pembroke and modified it three years ago to become the Hub of a lot of entrepreneurial services. Those services include nine offices as an incubator, so we can bring in nine businesses and incubate them. And what I mean by that is they can come in for up to three years and grow their business. We have an accelerator portion, where we'll take startups that are very, very early and work with them for three or four months in the fall and three or four months in the spring. We have space for that. That's where we develop their idea from ideation to qualification, all the way through into a business plan summary. We have a Makerspace and ideation lab. We hold a lot of functions for the community. We hold a lot of workshops for startups. We are engaged in 1 Million Cups, which is a way for startups to explain their ideas. We have a program called Jumpstart, which is where we work Every Monday night with startups on developing their ideas. We're part of Startup Grind which is a networking group where every three months we bring in a very prominent innovator to talk and engage with the community. And we have a number of Entrepreneurs in Residence and a Distinguished Professor of Entrepreneurship, people that are very, very smart and research minded in this business that can provide the latest guidance and data. So, all that happens, Jeff, for free. There's no cost at all. If you are interested come on into the building. You just come in and we'll start working with you. The only thing we charge for is if you come in as an incubator client, we charge for the office spaces. A cost is associated with that, but everything else is at no cost and the focus is really to help startups succeed so they can create jobs. We want you to succeed so you can build out your organization and start hiring people and build up the economic vitality in this region.

FREDERICK: Tom Hall, thanks for your passion and your expertise today and illuminating our listeners on entrepreneurship and how to get that business up and running. For all of you with great ideas, go down to the incubator, to the Hub and see Tom Hall and he'll help get you started. For our listeners, thanks for tuning in. We'll see you next time on 30 Brave Minutes. Thank you.

NARRATOR AND EDITOR RICHARD GAY: Today's podcast was edited by Richard Gay and transcribed by Janet Gentes. Theme music created by Riley Morton. The views and opinions expressed by the individuals during the course of these discussions are their own and do not necessarily represent the views, opinions, and positions of UNCP or any of its subsidiary programs, schools, departments, or divisions. While reasonable efforts have been made to ensure that information discussed his current and accurate at the time of release neither UNCP nor any individual presenting material makes any warranty that the information presented in the original recording has remained accurate due to advances in research technology or industry standards. Thanks for listening and go Braves.