

MINDING YOUR BUSINESS

Have 2 firms? Make sure they relate

By Ann Meyer | SPECIAL TO THE TRIBUNE

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For some entrepreneurs, opportunity knocks again and again.

While practicing corporate real estate law at Jenner & Block, Jennifer Sara Levin saw an opportunity to make a difference in the lives of other professionals by sharing what she had learned about building a client base.

So she launched a business-relationship consulting firm, NateandDot.com, in January 2006 and left the law firm seven months later to focus on it. Last year, the self-described multitasker launched a concurrent business, Legal Intelligence, an online platform connecting law school students with top-tier firms, in part by applying what she had learned about recruiting at major law firms.

Many people have asked Levin how she juggles both start-ups.

"I'm one of those people who is significantly more efficient when I'm busy," she said. "I try to stack my days for efficiency."

She schedules several downtown meetings on the same day, works nights as needed and relies heavily on communicating via her BlackBerry, Levin said.

While unusual, it's not unheard of for business owners to run two enterprises simultaneously, experts said. The phenomenon occurs most often when entrepreneurs see an opening in the marketplace that is somehow related to their first business and go for it.

They are more likely to succeed when the second business is strategic and not just opportunistic, said Linda Darragh, director of entrepreneurship programs at the University of Chicago.

"Look for a strategic link and a reason they fit together," she said.

For example, Darragh said, a holding company with three separate enterprises all supporting the restaurant industry, offering management, financing and data-processing services, could be effective.

"They link together in terms of cross-selling and some systems," she said.

But with no synergy, managing two enterprises at the same time could be a recipe for disaster, Darragh said, because most entrepreneurs are limited in time and money.

"If you're dividing your resources between two companies, you may be jeopardizing both at the same time," she said.

Levin's two companies have target markets with some overlap and share many core competencies, she said. She researched emotional intelligence and hired an industrial psychologist and cognitive behaviorist to learn the best way to teach networking and communication skills, which apply to both businesses, she said.

Client Sherwin Brook of Chicago accounting firm BrookWeiner said Levin did a stellar job developing a seminar for its young professionals on developing contacts and client relationships. The niche Levin has carved out has great potential, he said, because it is largely overlooked.

Pilot at Northwestern

Levin is just gearing up a pilot program for Legal Intelligence LLC, involving three law firms and her alma mater, Northwestern University School of Law, that will run online at <http://www.legalintellc.com> from May 15 to Oct. 15. The idea is to help students find the law firm that fits them best, partly through online video conferences.

"It's like a Match.com for law students," Levin said of her second start-up.

Law firms pay to participate, Levin said, because they want to find law school graduates who aren't just qualified but who

also share their firm's values. Often, Levin said, top-tier law firms end up with graduates who don't fit their culture.

"There's no way to do it in a 20-minute interview. You can't get enough information to know if this person is the right cultural fit," she said.

Still, growing two companies at once can be difficult, especially if investors react with skepticism, said Scott Meadow, professor at the University of Chicago Graduate School of Business.

"Unless I had Steve Jobs for both companies, I doubt I would consider backing someone who was working on two different deals," Meadow said.

So what should entrepreneurs do when they are enticed by a new opportunity? Before launching a new business, Meadow said, "you ought to sell that first one, get that off your mind. Then turn to something else." If you make money on the first enterprise, the second one will be that much easier to fund, he said.

Jay Goltz, president of the \$15 million-plus Goltz Group, runs three separate operations, with design as the common thread.

He started Artists' Frame Service in 1978, then opened Jayson Home & Garden, a combined home and garden furnishings store, in 1996, in part to give Artists' Frame Service customers a place to shop while their art was being framed. Meantime, his 15-year-old Chicago Art Source aims to tap the corporate market.

"It always started from seeing an unfulfilled need in the marketplace and thinking I could do that better," he said.

Goltz said each time he came up with the new business concept, he thought it would be easy to make it work.

"I tend to jump into the deep end and figure it out later," he said.

Leaps sometimes painful

The process is sometimes painful. He faced several learning curves before he began to identify important differences among the three operations and adapt accordingly, he said.

"The same thing that can be a great asset also can be a liability," Goltz said.

Jayson Home & Garden has seasonal inventory challenges that Artists' Frame Service doesn't have. And Chicago Art Source requires a different type of sales representative than the two retail operations need.

"It has to be someone who understands the corporate market," said Goltz, who employs 115 workers.

Goltz also made some mistakes. For example, he tried opening another business that sold wholesale frames to large department stores, but differences in the market, receivables and inventory proved too great.

He closed it six months after its launch, he said.

Still, Goltz embraces the concept of leveraging core competencies to pursue new business.

"Some people say to stick to the knitting, but if you just stick to the knitting, that would leave enormous opportunities," he said.

Today, Goltz's three operations are successful, he said, because he has the right people in place to manage them.

"It's about finding talent and developing it," he said. "I have less stress today than I've ever had because I have hired key people to run these businesses, and they are doing a good job."