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# About.com Small Business Information

## Pink Slips to Deposit Slips

Start Your Own Business After a Layoff

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Call it what you like job cuts, corporate restructuring, head count reduction, or layoffs but for hundreds of thousands of people, it's a dramatic life changing event. Being unemployed in a tight job market offers very few opportunities even for talented individuals. One growing alternative for the newly "pink slipped" is to start a business.

The road to entrepreneurship is rocky at best even during good times. The path to small business ownership needs to be cautiously viewed with honesty and introspection. To make the best decision to enter the world of business start-ups, your About.com Guide for Small Business Information has assembled the critical success factors to transition from employee to entrepreneur.

### Five Tips for Transitioning From Unemployed to Business Owner

**Take Time:** The day you receive your pink slip is often not the day to start a new business. The emotional toil of being new to the unemployment scene is not a time for big decision-making. Being let go often invokes feelings of resentment and anger. Take a few weeks to adjust to your new circumstance and clear the emotion for some down-to-earth logical decisions of your life path.

**Assess Skills & Experience:** Review your skills, experience, and passions to see if your business idea fits with your current situation. If the venture is in a new area where you have little background, the learning curve and expenses will be greater. A job in your business industry will shorten the learning cycle and preserve start-up cash.

**Evaluate Your Industry:** Transferring experience and skills to become an independent owner requires an honest look at the health of your industry. Corporations often rely on outsourcing work functions that aren't a core part of the business. Contact associations for your business to gauge the level of outsourcing activity. Don't forget to look at the over growth of the industry.

**Check the Bank Account:** Set up a business and personal budget to see if you can cope with a six to twelve month loss of income. It is far better to bootstrap your operation with funds from a severance and savings. Next talk to family and friends for seed capital. A last resort is borrowing cash because of the increased risk. Many businesses can be started with limited money especially service or consulting companies.

**Develop a Timeline:** Set a realistic timeline to start the company. For people that tend to be planners, start before you have all the information and don't get caught up in paralysis analysis. For the take action types, don't run and start but spend more time in the planning phase.

Remember being laid off can often be a blessing in disguise. If these five tips overwhelm you, then the timing isn't right. If you feel strongly motivated, take this as an opportunity to set your own independence and do what you always wanted to do. The work may be longer and the pay fluctuating, but in the end, the newfound freedom is priceless.

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