



## Attracting Encore Entrepreneurs

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**Summary:** According to the Kauffman Index, the percentage of "encore entrepreneurs" has risen to 24.3% and is the largest gain of any age group. Find out who these entrepreneurs are and how your bank could help them.

We have all seen it during our lives. You go to some major event and as the audience continues to clap loudly, the tired performer slowly returns to the stage for an encore performance. We bring this up for our audience of bankers and note the word encore reportedly comes from the French phrase "still, yet, again."

As you think about how best to get a work colleague to give you a standing ovation today, we shift our discussion toward customers and more specifically, entrepreneurs.

Many people dream about becoming rich like the myriad of technology giants, but it isn't always the younger crowd working to make their mark here. Banks should know that baby boomers and Gen Xers who decide to leave established careers and pursue lifelong passions are also in play.

They're called "encore entrepreneurs" and they've become quite the phenomenon. Indeed, the percentage of new entrepreneurs, ages 55 to 64, increased from 14.8% in 1996, to 24.3% in 2015 - the biggest jump of any age group, according to the Kauffman Index of Startup Activity.

Furthermore, they're making a profit, so they are good customer targets for community banks. In fact, 67% of older business owners say they're operating in the black, according to the 2018 State of Small Business survey.

It seems that individuals who establish their own business after a long career are better able to leverage disciplined habits, extensive work experience, an established professional network and accumulated assets. This group doesn't necessarily have to be wealthy to hang out their shingle, because they can also leverage the equity in their home or their retirement funds to obtain capital for their new businesses.

Of course, borrowing from savings accounts to start or prop up a business increases risks too. It sounds easy because you are borrowing from your own account and repaying yourself with interest, but the impact on retirement can be negative and significant, so care must be taken, and experts should be consulted to avoid unintended consequences.

The good news, of course, is that a rising population of new business owners mostly spells great opportunities for community banks. This is particularly true if you can or do offer SBA loans, home equity lines of credit and/or business credit cards (which are often tapped by these customers).

Another thing of note is that as your bank works with encore entrepreneurs, you may also find ways to mentor these customers along the way. You can help them with business planning and refer them to local resources, such as the SBA SCORE chapter or volunteer expert business mentors, for example too.

A few ways to reach encore entrepreneurs might be through SCORE, the AARP or other associations that cater to these groups. A number of banks that target these entrepreneurs write about issues important to them on their blogs, including one Midwest bank that offers tips on how to best plan a new startup launch, obtain additional training and possibly moonlighting before giving up one's current day job.

Reaching out to encore entrepreneurs can prove to be very profitable for everyone involved; so good luck out there.

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