


Ⓢ This year could be a big one for business starts

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Marcellus Rainey spent 16 years moving up the ranks of corporate America.

He even went back to school to get an MBA, but it didn't save him from being laid off by his employer a year ago. After consulting for a while, he decided to follow his passion.

"If I'm going to run my own business, I thought what do I really want to do?" Rainey said. A football player in high school and a weightlifter for 20 years, he plans to open a health and fitness center called The Cell in [Frisco](#) in March.

Rainey is one of the many new faces who could make 2012 the "year of the entrepreneur" in North Texas and statewide — especially at the beginning of the year.

History is on their side. Business starts in Dallas County and across Texas appear to be strongest in the first quarter of a year based on data for the last five years. The numbers, however, do not reflect all new businesses in the county or state because certain types of businesses are exempt or register in another state.

Over the last five years, an average of 27 percent of yearly new businesses filed certificates of formation with the Texas secretary of state's office in the first quarter. The same percentage of companies filed a "doing business as" name with the Dallas County clerk's office in each year's first quarter.

Last year, 26,150 businesses filed a DBA with Dallas County with 6,933 of those in the first quarter. Nearly 126,000 certificates of formation were filed in Texas in fiscal year 2011, ending Aug. 31.

Marta Frey, director of the Collin Small Business Development Center in [Plano](#), said she gets more wannabe entrepreneurs seeking help in the first half of a year than at other time of the year. The reasons, she said, may be practical.

"People use this as a New Year's resolution and get really busy to try to make it happen," said Frey, whose office helped 824 people start a business in 2011. "When summer rolls around and kids are out of school, they're less active."

Small business experts say other reasons to start a business early this year include:

A fresh start at the beginning of a year.

Individual [unemployment](#) benefits expire.

Continued difficulty finding a job.

Easier record keeping and tax preparation.

Tax incentives.

In December, [President Barack Obama](#) signed a two-month extension of a 2 percentage-point payroll tax cut. Meagan Chaddick, an accountant with Dallas tax advisory firm Baker & Co., thinks the tax cut will be extended for the rest of this year.

The Dallas-[Fort Worth](#) area and Texas rank among the top five metropolitan areas and states for entrepreneurial activity, according to the Ewing Marion Kauffman Foundation.

"There is a flurry of activity at the start of each year, but it's hard to see in the government statistics because they're often seasonally adjusted," said William Dunkelberg, chief economist for the [National Federation of Independent Business](#).

Texas' population growth — second nationally after [Washington, D.C.](#), in 2011 — leads to more jobs and more businesses as people need haircuts, clothing and other products and services, he said.

High hopes are riding on business creation in 2012. The Obama administration has long looked to small business as a keystone of national economic recovery. Small companies create nearly two-thirds of all net new jobs nationally.

Small businesses helped the U.S. economy add 200,000 jobs in December, which dropped the unemployment rate to 8.5 percent. Texas will release December data on Friday. Texas' jobless rate was 8.1 percent in November.

A fresh start

Dallas small business consultant Cynthia Nevels expects more people to start businesses this year.

“People make a resolution to do something different and try something new,” she said. “I’ve already had contact from people who were on the fence last year, and now they say they’re ready — whether it’s budget, personal or their unemployment is running out.”

Take Timothy and Carol [Richardson](#) of Frisco. They have dreamed of opening their own business since moving from Memphis, Tenn., in 2008.

That day will come next month when the husband-and-wife team open Off on Sundays Memphis Catfish restaurant in Frisco.

“Everyone said we were crazy about opening it now,” Timothy Richardson said. “Things just began to fall into place. We wanted a location on Preston Road. Just as we were about to give up, we found this space.”

The Richardsons are using their savings and incomes from their jobs — he works in customer service for a credit card company and she is a hairstylist — to finance the business. Some of the recipes come from their moms, both of whom worked in the catering and restaurant industries for decades.

Nevels thinks the difficult job market will spur some people to freelance until they either find a job or decide to stay self-employed. The easiest way to do that is to form a limited liability company or sole proprietorship, she said.

Elizabeth Moffitt just started Career Clique as a limited liability company to offer job consulting and placement services in [Oak Cliff](#).

“It’s been something that I wanted to do for a long time,” Moffitt said. “I’m in HR, and with the industry the way it is now, we get a lot of people looking for work. It seemed to be the perfect time as I was setting goals for 2012.”

She started her first company, a human resources management consultancy called the Christopher [Quinn Group](#), in 2004. Last spring, Moffitt hired her first employee — her niece — so she could focus on Career Clique.

So far, Moffitt said she’s spent about \$500 to hire a lawyer to file her LLC with the Texas secretary of state and for marketing materials.

Personal freedom

A study of 550 entrepreneurs by the Kauffman Foundation in 2009 found that the main motivations for launching a company included wanting to build wealth, capitalize on an idea and be one’s own boss. Three-quarters of entrepreneurs worked as an employee for others for more than six years before striking out on their own.

Most entrepreneurs were middle-aged (40 was the average age) and married with at least one child when they started their first company, according to the study. And most entrepreneurs came from middle-class or modest backgrounds and completed at least four years of college.

An earlier study of 5,000 firms by the National Federation of Independent Business found that 20 percent started because of negative influences, such as losing a job, Dunkelberg said.

Rainey, the man behind the Frisco health and fitness concept, wasn’t surprised when he was laid off from his executive job at an [Irving](#) steel manufacturer, which had been downsizing for three years. He had socked away some money and trimmed family expenses.

He came up with the idea for The Cell after *Men’s Journal* in April named Frisco the nation’s best place to raise an athlete. He wrote a business plan and incorporated as an LLC.

The Cell will provide workout equipment, group classes, personal training and educational speakers. Rainey has already lined up seven trainers and is talking with banks about financing.

He’s looking at two locations in Frisco and hopes to have several locations open in a few years.

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