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VOICES: Helping Young Business Owners Now Can Be Good for Business Later

Millennial entrepreneurs often need guidance, but not all advisers seize on the opportunity to help the potential next big thing.



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Many advisers don't pursue relationships with millennial business owners, and they are missing out on an important demographic that really needs their help. Taking time to develop these relationships now will likely result in a viable client base for the future.

The first step in developing relationships with millennial business owners is understanding that today's small-business owners aren't like those of years ago. Young entrepreneurs today have shifted their focus from manufacturing to technology. For instance, while we are in the automotive capital of the world in Michigan, we see millennials starting businesses like technology companies, music-development companies and property-management businesses.

Many younger entrepreneurs also aren't coming out of school with a business background like many small-business owners did years ago. Today's entrepreneurs don't know what steps it takes to formalize a business entity, to establish a tax structure or how to keep up with business growth—and they

need help in these areas.

Entrepreneurs today may experience exponentially faster growth than the generations before them. In many cases, they are just running with a technology idea they have and are surprised when their idea suddenly goes viral. Most of my older clients created their wealth over a 30- to 40-year period, but some of these millennials are going from shoestring broke to multimillionaire in two to five years. Often, young entrepreneurs have already grown their business faster than they can handle and are neglecting their personal finances by the time they seek help.

Ideally, young entrepreneurs should develop a relationship with a financial adviser before starting a business. I regularly call on business professors at local business schools and universities hoping to connect early on with budding entrepreneurs so I can help them avoid making some basic and common mistakes, such as not creating an investment plan or taking too much risk outside of their business.

Many young entrepreneurs we work with have a vision of where their business is going to go, but the idea of saving for retirement in 40 to 50 years is foreign to them. I share with them the experiences of some of my older business clients who didn't save from an early age and regret that decision. It's an effective technique with younger business owners who appreciate hearing about new ideas and opportunities.

I also have relationships with a network of alternative funders who can help young entrepreneurs, most of whom don't qualify for traditional bank financing. Although young business owners may be able to get funding from online sources, many prefer to work with an actual person and appreciate the connections I provide.

By understanding the various challenges millennial business owners face and focusing on opportunities to serve them, financial advisers can help them give a clear path to success.