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More retirees opting to launch startups

Baby boomers aren't just heading to the links - they are starting new businesses in record numbers.

[Lawrence M. Fisher](#), Business 2.0 Magazine

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(Business 2.0 Magazine) -- Terry Alderete and Leonard Liu don't seem to have much in common. She's the owner of a special events firm in Newark, Calif., and he's chairman and chief executive of a software development company split between Silicon Valley and Shanghai. But Alderete, 61, and Liu, 65, are both part of a booming demographic: retirement-age entrepreneurs.

For the past 10 years, adults ages 55 to 64 have been the group most likely to start a new business, according to a study released in May by the Ewing Marion Kauffman Foundation, which promotes entrepreneurship.

And now that baby boomers are reaching retirement age, the trend is only going to grow. People are living longer and are more likely to pursue dream businesses rather than tend to their gardens when their workaday lives are done. About 80 percent of boomers claim they want to work in retirement, according to Sara Rix, senior policy adviser at the Public Policy Institute of AARP.

"I think many of them will try self-employment," she says.

Alderete didn't need to work when she retired from Pacific Bell. After 30 years in which she rose from operator to ethnic marketing director, she received a generous buyout when the company was acquired by SBC in 1997.

But the contacts she'd made through her job with groups like the Hispanic Chamber of Commerce created a natural client base. Now she organizes events like the Cinco de Mayo and Día de los Muertos celebrations in Oakland, Calif., which draw more than 100,000 people each, and helps nonprofits develop marketing plans.

"Take good inventory of your skills," she advises. "It's an area of great potential. Tomorrow comes very quickly. You may be 40 or 50 and think you'll figure it out later, but you have to prepare."

Liu retired in 2003 after 20 years with [IBM \(Charts\)](#) and stints as president at Acer and ASE, both headquartered in Taiwan. But within a year he had gathered a small group of like-minded former colleagues and started Augmentum, a company that develops user interface products for Intel and tests software for PalmSource.

"I wanted to build a distributed team in the United States and China and prove to the world it can work," Liu says. That he did: Augmentum, funded solely with its founders' nest eggs, was profitable in its first full year and has doubled its revenue each year since.

Older entrepreneurs often tap their 401(k)s or home equity for working capital, but there are safer ways to raise money. Venture capital firms generally aren't interested in later-life entrepreneurs, but banks are.

"They're 58 but look 48; they're highly active and highly engaged," says Rebecca Macieira-Kaufmann, [Wells Fargo \(Charts\)](#) executive vice president and head of small business. "They have networks and experience, and their kids are out of the house."

Indeed, strong networks are what separate thriving retiree entrepreneurs from all the rest, says Wes Moss, author of

Starting From Scratch: Secrets From 21 Ordinary People Who Made the Entrepreneurial Leap (Kaplan, 2005). "If you haven't built a network in the corporate world, as an entrepreneur you'll be even more isolated."

For boomers who learned how to win friends and influence people, however, the future is bright.

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