Working for the Man vs. Entrepeneuring
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Career paths after college include

- more education - getting a Masters (MS) or a Doctorate (PhD) degree
- working for enterprises - including small and medium enterprises (SMEs) or big corporations
- starting your own business
- sailing around the work or living with your parents - if you are independently wealthy or if you do not mind supporting you parents in their old age because you used up their retirement

The first and last options cost money. More education is often a often a good thing (but make it a priority not to rack up huge student loans) - but more education usually leads to the middle two options which is what this article is about. The final option is far too common - some years ago, *Money* magazine reported that over 60% of twenty somethings go home to live with their parents for a significant time - something that good career planning can avoid. Another column covers this. The rest of this column is focused on the middle two options.

What makes the middle two options interesting is, you can make money. So, how much are we talking about?

After college, most people opt for a job where someone pays them a salary for the work they do. They also get some benefits (vacation days, health insurance, matched savings, ...). Every year, the cost of living goes up by some percentage, like 3% and an employee gets a raise like 5% meaning they really got a 2% raise. Actually, this is a simplification - the employee works in a workgroup and the manager of that group is usually given leeway to assign raises so some employees get lower and others higher raises according to performance that year and future value to the group. It is in the employees interest to outperform their peers to get the 6% raise while others get the 4% raise. Years (and more years) go by and slowly, by hard work, the outperforming employee exceeds the cost of living by 3% a year and rises in income and stature in their organization. The American way is that the employee who is frugal and works hard can eventually retire at age 67 or so and has a reasonable likelihood of a fairly comfortable retirement income (provided they saved money along the way). Note - there was no chance of retiring at 40 in this scenario. This is a seemingly safe plan - but there are no guarantees. The life of a human is very often longer than the life of a corporation, even a big established corporation and so one should be constantly aware of alternatives to the current job, within the same company or at nearby companies. Many people have had 5 or 7 careers before they retire with today's equivalent of $1M. That sounds great and it beats the national average by a considerable amount, but considering that the guideline during retirement is the 4% rule - which yields living on $40K a year (plus $25K social security) and paying taxes on even that, so after a life time of hard work, you can live off of an income comparable to the income of a good engineering or computing BS student just entering the workforce!

Now, consider entrepeneuring, that is, starting your own company. This is a harder route in some ways - the person who founds and owns a significant part of a company has almost always had to take more risk, perhaps going for years with reduced salary and they have had to learn a much wider variety of skills like how to find and work with customers and hire (and fire) employees. Many small businesses fail and keeping a small business afloat for a few months using your own savings to pay employees can rapidly send you to the poor house. But there are upsides. You get to learn how to run a business, you get to solve the problems and jump the hurdles that take you to profitability, and you have at least the chance of getting more than a 6% raise for your hard, hard work. Though there could be up and down years, you could potentially make 20% or 50% or much more (sustained business growth rates of 10-15% a year are very plausible). Well, that is considerably better. I leave you to do the math and think about the tradeoffs in these two alternative career paths.