

Patrick Michael Snyder of BizStarts

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin, I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity and many other investors for early stage and growth companies. I hope you enjoy this episode. The Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website.

Speaker2: [00:00:38] Hello, this is Hall Martin with Investor Connect. Today, I'm here with Patrick Michael Snyder, executive director at BizStarts. BizStarts brings entrepreneurs together from all backgrounds, ethnicities and beliefs to create a collaborative learning environment that embodies positivity, inspires confidence and develops people's capacity to achieve personal success and business growth. Patrick, thank you for joining us.

Speaker3: [00:00:59] Thanks so much for having me, Hall.

Speaker2: [00:01:01] Great. Can you give us a little bit more of your background before joining bizstarts?

Speaker3: [00:01:06] Sure. I hope you don't mind me going a little further back than most people usually do. I come from an entrepreneurial family. My mom actually came over from Italy when she was 14 years old. My grandfather had a hotel in Italy and it was literally during the Second World War, and he was head Jewish people in his basement. So he thought he'd better get the girls out of town. And when my mom got here, she couldn't speak the language. As a young kid, I would follow her around. People would make fun of her accent, and she had one skill and that was doing hair. And like most entrepreneurs, she was trying to. She was also trying to get a job just so she could get some money to get the thing going. And people in nineteen seventy four were offering her two sixty five an hour to sweep the floor of a beauty shop. So the great story about my mom is the thing that she saw that was she was solving the problem that she was solving was there are a lot of slip and falls in assisted living facilities when people would go to get their hair done. So she threw the Catholic Church. She started placing

beauty salons in assisted living facility homes and short story long in nineteen seventy four, instead of making two sixty five an hour, she was making eight to \$1000 a day, which translates to this year's money literally a million dollar a year business.

So, you know, she told me not to go to college and then I should just not waste the money and and start a business. But I did end up going, and when I got out, one thing is we were we were in a wealthy neighborhood in Chicago's North Shore, and at that time desktop publishing was taking off and there was a person named Asher Birnbaum, who had a really great publication called North Shore Magazine. And that zip code on the North Shore is literally third behind Beverly Hills in terms of income. And I just thought, you know, he's got this huge building, you know, literally one hundred thousand square feet. He has tight sweaters. He has printing presses. He has all this overhead, you know, fifteen salespeople. Why wouldn't I be able to just do this in my, you know, in my basement with a computer? I didn't charge much less money, but I did charge less. But like my mom, I was customer funded, so I had the idea of a magazine. I didn't. I didn't know how to desktop publish, so I literally went into a Kinko's and asked somebody if he would like to be my partner. I gave them 20 percent of the business. And Tom Miller and I basically I went out and sold all the ads, pre-sold literally the first three issues, and we didn't buy a printing press. We didn't buy a lot of elaborate office space. We just sold ads and then eventually had a magazine. Three years later, we literally sold it to the Chicago Sun-Times and and gave them our twenty employees. So good story. I started because I had so many travel and entertainment advertisers because as a magazine, the governor of Illinois gave me the job as the director of tourism for the State of Illinois. Through the contacts. And at that time, I started teaching. So the teaching was basically hospitality. But then at Roosevelt, I became their entrepreneur in residence. And just a Segway into my next job, I ran a group called UCSB. And you size me, the United States Association for Small Business and Entrepreneurship. And we were the largest organization in the world for faculty that teach entrepreneurship. So basically, I was serving on the biz starts board of directors at that time. And this starts was founded by a gentleman named Dan Steinberger. He's he's the grandson of Dan Home, who the home bridge, as they named after in Milwaukee. And he had he was able to cherry pick a lot of great board members like, you know, John Olin, who is the CFO of Harley, who is on our board. You know, Laura Goff from Baird was on our board. We had people from Milwaukee too, so. You can imagine it was a powerful organization, but when they started 12 years ago, the problem they were solving was they were trying to keep young talent, meaning the brainpower

and Milwaukee kids from Marquette or ones that went to UW Medicine and have them support entrepreneurship.

This starts supporting that kind of scalable entrepreneurship. As a board member. Eight years later, I said, this is no longer a problem. You know, we have six incubators. The colleges have all their own entrepreneurial centers. Why don't we try to support businesses like my mom's? So business is coming from underserved areas and the board said, you know, if you want to take 40 thousand pay cut and come run a city organization after running an international group, you know we'll let you do it. So we start, we started with that with this starts two years ago. My mind at that time was like, How do we get a system of learning for people who don't have any resources? Or how do we get businesses marketing when they don't have any money or hiring employees when they can't pay them? And luckily, I had some horsepower from the United States Association for Small Business and Entrepreneurship. And I started asking our 800 professors, You know, is there somebody out there doing it? And there was a gentleman named Professor Michael Morris. And Michael had done one hundred and forty two scholarly articles. He was an entrepreneur in residence, meaning he had had an accident and now is a professor at University of Notre Dame.

He started 300 companies in South Africa, several hundred and Haiti, and then went to University of Florida, Syracuse University, Ohio, Sorry, Oklahoma State University, and made them all top ten programs while doing this underserved community entrepreneurship group. So we borrowed Michael's program with his blessing. And I should tell you that if there were a Nobel Prize given for entrepreneurship in underserved communities, Michael would be on a plane to Stockholm tonight. So unlike and I'll go just a little further. Unlike most incubators that do six weeks of a boot camp and end in a pitch competition, what Michael's program does is that's when the program just starts. Now they've learned about entrepreneurship. How does it become a system of doing so? What ends up happening is after the six weeks we pair them with student consultants, in our case, their Marquette honors students that we get twenty five steps to being in business and those students work with them on doing the twenty five steps, anything from building a website to getting their LLC to getting, you know, employable flyers. And the great thing about it is all those steps would typically cost the would spend a small business out of money. Well, with the student consultants doing it free of charge and us offering mentors from the community, everything they do to get through those twenty five steps is free of cards, so their business is up and running within six months.

Speaker2: [00:08:48] Right. Well, it sounds like you're a big fan of the early stage startup where you have to basically bootstrap your way up. And so, you know, how do you see that industry evolving? How do you see self-employment moving forward from here?

Speaker3: [00:09:04] Well, I think that, you know, a couple of things that are going on right now is that if you email or just go to GPP, Notre Dame or you Google that you'll notice that Michael has these programs now in 11 different cities, and he's also starting a sort of a worldwide expansion. And the idea is, is that you need to teach customer finance and you need to teach it to people that are not traditional entrepreneurs like I was, who might have a parent that was in business and then decided to take the leap or went to college and went through a great program like Babson or or what they have at USC or Purdue or Notre Dame that you need to find people that don't necessarily have money and teach them how to run and scale a business. And I'll get. Is it OK if I give you an example? Sure, sure. So we had one person whose idea was to start a bike shop because they knew how to, you know, basically work on bicycles really well. And we did an intake interview and they had gone through the classes. And it turned out that his wife worked for Abbott, which is a big company in Waukegan, Illinois. And there's also another big company called Solo Cup. That's right there. You know, basically, the campuses are not more than three miles apart.

Well, what the advice was working with this wife was that, you know, the problem that we would solve is that on these campuses, people can either use Zoom, pick up the phone or they can walk three blocks to have an in-person meeting and have to walk back. So and it's, you know, it's not the best situation when you're sitting on the same campus, but you can't meet face to face with a person. So what we did was a child that this was a human resources benefit. We put 50 bikes on their lot. He sold 50 service contracts. And I don't know if you know much about bicycle bike shops, but they they don't sell many bikes per week, you know? So what he did was he sold what it would take almost a half year to sell in one day. He got the contracts. And he, you know, also worked with an insurance company to make sure there was no liability. And then the person ended up getting more and more clever. So midyear when it was winter, he was like, I feel horrible, like, I've left you guys on the leech, you know? Now your folks can't, you know, exercise anymore. So then he also was selling. Now he's selling the stationary bikes so that people can work out, get the contracts.

Well, he also got solo and now he's up to. I believe it's 600 bikes, which is a super he could sell right now. Like, that's a salable company. We had a woman start with one scooter driving back

and forth from her resort because she couldn't afford a car and she printed up some simple flyers. She got a commercial liability policy on her one scooter well while she was working for \$14 an hour at the resort. Her scooter one scooter was making fifty dollars an hour. Well, she just kept buying scooters, she kept on reinvesting and growing that fleet. She ended up with 12 scooters on that property, so you're looking at six hundred in revenue with very, very little cost. She she gives the bellman who pushes the scooter rental a launch or brings them a treat or whatever for each one. And you know this \$600 an hour, if she can scale to different resorts, you're talking about a whole lot of money if you're looking at those numbers. So that's two examples. But we literally have 30 of them that have come out of the first two years of this program. All customer funded, no loans, no credit cards, just being resourceful and using what God gave them and moving that forward.

Speaker2: [00:13:09] Mm. So there's a lot of companies in the self-employment space. I don't know how many there are today, but I know there's many as well. Perhaps you have more information there, but can you explain how entrepreneurs are using customer funding to launch their business, I guess, in the absence of loans or angel funding?

Speaker3: [00:13:29] Yeah, so there's there's two ways that you can. There's probably a hundred ways you could do it, but I know of three that work really well. One is pre-selling orders, so basically you put up a product concept and believe it or not, real estate companies do it all the time. They put a picture of what the condos would look like on the lake, and then they pre sell those units until they have enough to build the building. And in our case, you know, in my case, it was walking around with a magazine cover and selling the advertising in the case of the bike person. He didn't have the money to buy all those bikes, so he charged a deposit to the big company. When they paid that, then he was able to provide them with inventory. So that's one way. Another way is to barter and then leverage your barter based on future opportunity. So I'll give you an example. When we when I started the magazine, I wanted the very first issue to really make a bringing a lot of cash. So I decided to do a golf resort section that was on the state of Wisconsin. And basically what I did was I knew that there was one resort in which because all those people on the North Shore, golf, I mean, in Wisconsin is their favorite destination because it's drivable. It's a couple of hours away and the course is because of the topography.

Illinois is very flat. Wisconsin is very hilly. You just have beautiful golf courses. So I understood that in Kolar, Wisconsin, they had a place called the American Club, and I went up to Koehler and I said, Look, I want you to have the back page ad of this golf section, and I'm not even going to charge you for it. All I'm going to ask you is that you put me up for the next two weeks and one of your five star rooms, which was nice for someone who was twenty seven years old because I'd never stayed at a five star resort before. But then what I did was I leveraged that every customer that I went to. I mentioned we've got this golf guide. Here's our demographics. We're all on the North Shore. But one thing I can tell you is the back page is already bought by the American club. So these golf resort owners or these corporate owners of golf courses said if they got the American club, it's got it's a no brainer. I mean, we have to be in there, too. So there are strategic relations you can make with bigger and more reputable companies to bring you reputation, and then you can use that strategy to presale orders or to bootstrap your business. So those are some of the strategies.

Speaker2: [00:16:09] Great. And so what are the challenges in doing this customer funding?

Speaker3: [00:16:14] Well, one is that there's there are confidence issues with the founders. So they don't believe enough in their product to go to a large company and ask for a big order. The second thing is that a lot of people with great ideas do a lot of talking, but they don't do a lot of listening. So when they go into a sales call or a development situation, they can't wait to talk about their product, but they have no idea whether or not the person wants the product. So rather than interviewing a customer and asking questions like if we because I always have one feeling if you're sitting and it might take you 100 calls to get that that appointment, but if you're sitting in the room with a big client, somebody that can spend a lot of money and potentially fund your business. They wouldn't have you there unless there was a potential to do that business. So what you need to do is ask like, how is the last vendor? Not as so good for you? Why are you? Why are you potentially considering this relationship? What are the top three things that you would do differently or advice you would give to me as a company to best fulfill working with, say, Procter and Gamble? You know, more questions than that. And then afterwards you start to get the feeling of and this is just one of the things we teach in the program is, OK, this this company has this overall objective in working with me. The strategies are the top three things that they would do differently or what they would do to add to your process to make you better. So you just kind of spit those out as strategies and then you

create tactics that cover those strategies and put it on a timeline and you put together a nice proposal based on all the information and data that you got from them. And I'd say the number one barrier to success with with companies that are trying to scale coming from these underserved areas, or maybe even just a traditional mom and pop is. They have no idea what what the market is looking for, and they don't know how to sell it. That's right.

Speaker2: [00:18:27] So you run bizstarts. How does that fit into this overall landscape of working with startups?

Speaker3: [00:18:35] So what we do is we do these, we do the we do cohorts in May and September. We invite people to apply for a scholarship to attend the program and the and writing for the scholarship is very rigorous. So the application process is a little bit of a grind and we give everybody who applies and accepted the program free of charge. So after those after the people go through that cohort, we've had three since twenty nineteen in person mass, socially distant, you know, just to make sure that our government partners that fund us a little bit, you know, not defund us. And then we immediately upon graduation, we start tracking them, making sure they're getting to those twenty five steps that are being in business. And I can send those to you so you can post them to people that might be listening because maybe they don't need a student consult. Maybe they can google each of the items in and do them on their own. Or or maybe somebody out there listening wants to start one of these programs in their city because they want to give back to the community or they want to invest in one of these companies, you know, have a vehicle to invest in these companies so they can make money.

We don't allow investment in ours because we like the customer funded and now we're looking for ways like AARP give some seed money to the companies and in Wisconsin now that are getting started. But basically what we try to do is monthly sessions after the bootcamp, keep them engaged with their student consultant, make sure that they're aligned with mentors and you want top notch mentors. So I'll give you an example we have some food food businesses like food trucks and things like that, as you can imagine. Well, Jack Jacomo Fel Cohen from the CEO and he's the chairman of the board and and literally the birthright of that Palermo's pizza, which is home run and pizza, which which is a lot of big brand name pizzas that you see on frozen shelf. He's their mentor. So, so, so so basically the original boot camp hook up with a student consultant connection to the mentors, connections to money. And then we track what

they're doing. And out of the seventy five businesses we started with because there were twenty five in each cohort. We're proud to say we have 30 companies now that are up and running in cash flow positive.

Speaker2: [00:21:10] Well, that's great, and so what's the next step for your program from here?

Speaker3: [00:21:14] So the next step, you know, there are several next steps, one is that that basically we've been there's there's a traditional black community that's that's an underserved area. That's where we piloted the program over the last three, you know, after over the last two years. So now we're moving into the Hispanic community because they've reached out to us and said, Why don't you teach this thing in Spanish and see if we can't get some business going? And then I'll tell you a funny story how, you know, sometimes the universe makes people go together. As I was sitting at a bar watching a game and I noticed a deaf person, and I don't know if that's even politically correct, but forgive me, I'm another generation. But but you know, I texted like, How's it going on my phone and showed it to him because I didn't want him to feel like he was left out of the at the bar as we were watching a football game. And we started going back and forth, and it turned out he was the professor of communications for a deaf university. And I told him I ran a charity and he said, What are you doing for deaf people? Oh, and the lights just went off like if we can help black and brown communities, why wouldn't we be able to help deaf people that are deaf or hard of hearing start their own ventures? So what's next is expansion?

Speaker2: [00:22:41] That sounds like a great place to expand. There's there's many needs out there in many ways in the last minutes that we have here, what else should we cover that we haven't?

Speaker3: [00:22:51] I guess what I would say is that, you know, you're if you're thinking about starting one of these smaller businesses. Anybody that has a company can have a big company, a big, a big company as a client. I had two students at Roosevelt University when I was a professor of practice that in Kendall College, it was actually Kendall that I was at at that time. Kendall College is a culinary school. So, you know, they've had Iron Chef. Garza was one of their students there. They turn out really great chefs. What we we had two students that basically

they did breakfast, but they really couldn't get to the luncheon of the dinner part. They they could create gourmet breakfast. And and as you know, in that market, they've got three hours to sell and then they have to close. So it's a limited capacity in terms of revenue capture. And what I recommended is as an employee benefit, why not go into a Fortune five company and do breakfast once a month, you know, and it's instead of getting, you know, 15 20 tops a day, hopefully you can capture three hundred or two thousand. That business, which was literally 10 years ago, now has 40 of the Fortune 500 companies as customers and their original idea of starting a, you know, in a physical space, which would have cost them money. Hundred percent customer funded and the room for growth was so much more explosive. They did so much better than they ever would have done as a restaurant group. And and now they've got employees. And, you know, so I would say, if you're thinking about starting a small venture, think about how you can get big in a hurry and think about how you can use one corporate customer to fund your entire business.

Speaker2: [00:24:45] Great. So how best for listeners to get back in touch with you for those twenty five points and information about your program?

Speaker3: [00:24:51] Sure, sure. The best way is email. So Pete Snyder at Biz Starts, which I think you have up already. But if you don't, it's P as in Patrick S and Y R at Miss Cars.com. And I love talking to everyone about this program because there are a lot of people out there with ability but don't have the opportunity, and I'm happy to help in any way I can.

Speaker2: [00:25:17] Great. We'll include that in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker3: [00:25:24] Well, this was absolutely great, and thanks for all the good you're doing in the community and Happy New Year.

Speaker1: [00:25:32] Investor Connect helps investors interested in startup funding. In this podcast series, experienced investors share their experience and advice. You can learn more at Investor Canaccord. Paul T. Martin is the director of Investor Connect, which is a 501c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are solely their own opinions and do not reflect the opinion of

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