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Entrepreneur II: a Different Point of View

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Entrepreneur II: a Different Point of View

I graduated high school when I was 16 and it was not because I was all that bright. I had moved from Savannah, Georgia, to Memphis, Tennessee, which corresponded to states that required 24 and 18 high school credits to graduate, respectively. I moved at the end of my sophomore year, so I skipped 11th grade completely. So, there I was, 16 and out of school. I hated school at the time, and my father would not let me move to Hollywood to become an actor, so I lied about my age and became an orderly in a local hospital. There I met a registered nurse, we fell in love, and I was convinced I needed to get married. The wedding was scheduled for the month after I turned 18 years of age. My father was against it, and he told me I didn't know what I was doing and to just wait some period of time. The marriage lasted only a few short years and I realized my father was right. No 18 year old young man listens much, especially to his father. I quickly tired of orderly work and went to school.

What was this long story about? Well, I've been in business with St. Johns Optical Systems for about a month now. I've had many people give me good advice about business over the years, but I don't think I listened. I now understand that many of these suggestions were right on mark, but I do think you have to learn them for yourself (especially if you are hard headed like me).

So, here is what I have learned about being in business so far. Trust is everything. Work with people you trust who have their head and their heart in the right place. A good business person makes an effort for everyone to succeed in a deal. Cost and revenue are immediate measures of your progress. All activities should be evaluated based on their cost and on their revenue potential. It certainly is all about money, but the trick is making everyone a winner.

Everyone has a different business model. Some people want a quick successful product after a few years with the idea that they will sell the company. In this case, the revenue (gross income) minus the costs (doing business) provides a net income. A company can typically sell for anywhere between 5 and 7 times the annual net income. So, for instance, a company that nets \$10M per year will sell for between \$50M and \$70M. I am sure there are some unusual cases, and these values are for companies that show

consistency and reliability in net income. I don't think I will chase such a "develop and sell" model, and I really like working my programs.

I have heard that companies that last for two years have a much higher chance of success than those that have been in business less time. Tenacity, persistence, and hard work can pay off.

One thing I am very surprised about (but I doubt if many of you are surprised): when being creative about new products (even in the infrared), you think you have something creative and clever. However, when you search on the idea or check the patent office, you find out many times that the idea is not novel or unique. The rate of technology development today is staggering. It appears that it gets faster each day now.

My final observation is that, when you first decide to jump off into a new business, your first reaction is to panic and question why you did such a thing. Then, you start working away at a business plan and a path for success. Then, it becomes fun and interesting, and every day is different. Then, it becomes fun and addicting. There truly is an entrepreneurial spirit that is real and uplifting. I can't tell you the number of people that have recently told me they admired me for having the guts to jump off and start swimming in business. (After they mention guts and after they leave, I wonder whether they were really talking about my stupidity.) And, it takes me back to the discussion I had long ago with my father! Again, I think these are observations that people have mentioned before, and I was just not listening at the time.

PS. . . . This is the time of year, I try to think about soldiers, sailors, airmen, and other military around the world keeping us safe while they are away from their families during the holidays. It is with great respect and admiration that I always toast these people for their sacrifices and for making the world a better place.

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