

OFFICE SPACE

CAREER COUCH

MATT VILLANO

How to Moonlight As an Entrepreneur

Q. You want to start an independent business but need to keep your current job to pay the bills. How can you pull this off?

A. With great care. David Croson, associate professor of strategy and entrepreneurship at Southern Methodist University in Dallas, says that managing a day job and a start-up is a tricky balancing act. "Most jobs do not require 100 percent of your waking time, nor do they expect it," he said. "It's important to do your day job in the most efficient way possible so you have the most time and attention left over for your own business."

Q. Why do entrepreneurs start companies under these circumstances?

A. In a word, security. Donna Maria Coles Johnson, president of Lifestyle CEO Media, a consulting firm in Charlotte, N.C., says many entrepreneurs feel they need for the safety net of a steady paycheck and health and retirement benefits. "Many people think of keeping their day jobs as an insurance policy," Ms. Johnson said.

The strategy, she said, was a low-risk approach to a high-risk endeavor. "It's perfectly human to be concerned about what's going to happen with issues like medical coverage and finances, and that alone is reason to stay put."

Q. Are there any laws prohibiting employees from starting businesses on the side?

A. If the new business is unrelated to an employee's current job, he probably is not breaking any laws. If the new enterprise operates in the same industry, however, an employee may risk serious legal problems.

Employers may be able to sue an employee for starting a business if the employee has taken intellectual property without permission. Generally, however, unless malicious intent has been established, judges will rarely rule against entrepreneurial spirit, said Craig Annunziata, a partner at the Chicago law firm Fisher & Phillips.

"Judges hate to stifle people trying to better themselves," Mr. Annunziata said. "There's this notion that entrepreneurialism is inherently American, and limiting it is decidedly against that."

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Mr. Annunziata noted that it was far more common for companies to pursue employees for violating noncompete agreements. Many businesses require employees to sign these documents to prevent them from capitalizing on trade secrets down the road. If an employer can prove that a new business competes in any way, there could be grounds for a lawsuit for breach of contract.

Q. Is it ethical to plan and operate an independent business on your employer's time?

A. Absolutely not. When you're on the clock at your day job, you should handle only those tasks that relate to the responsibilities you were hired to fulfill. Andrea Kay, a career consultant in Cincinnati, said that using company resources to make personal phone calls, work on e-mail messages or make photocopies is essentially stealing.

"You told your employer when you accepted their employment terms that you were going to do work," Ms. Kay said. "There's trust in that arrangement. The last thing you want to do is make your employer feel like you're abusing it."

Asher Epstein, managing director of the Dingman Center for Entrepreneurship at the University of Maryland, said it was acceptable to work on side projects during lunch hour, if you're not using company resources to do so. "If you are going to do your own work during lunch, leave the office and use your cellphone," he said. "It is important to make sure the two ventures are clearly delineated."

Q. Should you keep your plans secret from co-workers and the boss?

A. In most cases, it's probably best to keep your intentions to yourself. Brian Liu, chief executive and co-founder of LegalZoom.com, an online legal document service in Los Angeles, said drawing attention to your venture might raise suspicion that you are losing focus.

"You don't want to have people look at you and think you are a dead man walking," he said. Mr. Liu added that because most employment is at-will — either party can terminate it without liability — companies reserve the right to fire you if they think you are underperforming or just biding time.

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Chris Reed

Still, if you have a good relationship with your boss, discussing the project may enable you to negotiate an arrangement allowing you to work on it a few hours a week.

Mike Zimmer, 37, learned this first-hand. Earlier this year, while serving as an electronic business analyst at Johnson Controls, an automotive systems company in Milwaukee, Mr. Zimmer began to carry out a lifelong plan to open a sports bar downtown. As the project moved along, he informed his boss, who authorized an abbreviated work schedule on a temporary basis so Mr. Zimmer could follow his dream.

"He was very supportive of the whole project," said Mr. Zimmer, whose bar, Zim's, opened on Oct. 2, and who will continue as a part-time consultant to Johnson Controls until year-end. "Quite honestly, I'm not sure I could have done this without his help."

Q. When do you know you're ready to go out on your own?

A. The moment is different for everyone. For Mr. Zimmer, the epiphany came when he botched an important project because he was tending to his bar. For Mr. Liu, who started LegalZoom.com in 2001, the decision became evident after nearly a month of 18- and 20-hour days.

But don't make the leap prematurely, said Mr. Croson, the professor from Southern Methodist. "If your business takes off faster than expected, you can always resign later," he said.

"But if initial revenues are sluggish, you'll be really glad you stuck around." □