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A C C E S S

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Small is Big

An optimist sees an opportunity in every calamity; a pessimist sees a calamity in every opportunity – Winston Churchill

Sifting through the wreckage of what once was the telecommunications industry are some very gutsy folks. They are paying pennies on the dollar for equipment, space, and furnishings left behind in the wake of the tech collapse. Like scavengers at a garage sale, entrepreneurs move in after every sector collapse and pick through the mess, looking for undiscovered treasures.

Entrepreneurs like these take risks that are immensely lopsided. The Small Business Administration (SBA) estimates that five out of ten new businesses fail in their first four years. Out of these failures, though, come valuable lessons and technologies that are picked up by the next brave soul, like a baton carried in a never-ending relay race.

Small businesses push big business. Take, for example, high speed internet. For years, large telecommunications companies have told customers that they cannot deliver high speed internet to their homes because of lack of demand and the high fixed costs associated with the "last mile" (although thousands of miles of fiber-optic cable have been laid in the U.S., each home and business needs to be hooked onto this cable to gain access – this is the expensive part). Enter the entrepreneurs. Wireless Fidelity, or Wi-Fi as it is called, has jumped into the breach. Got a "dish", you've got high-speed internet capability. Got a cell phone – yep, there too. Not all areas have coverage, and the service is not the same quality that fiber-optic lines deliver, but these alternatives have stirred up more than a few cases of acid reflux at major telecom companies.

Small businesses support big business. McDonald's doesn't raise its own cows and GM doesn't grow rubber trees. Most large companies today are assemblers of other smaller companies' products.

Small businesses support the economy. The SBA estimates that 60-80% of new jobs are created annually by small business, and they make up more than 50% of non-farm private Gross Domestic Product (our measure of total output of goods and services).

Small businesses become big businesses using small businesses. At 52, Ray Kroc opened his first McDonald's restaurant in Des Plaines, Illinois in 1955 with his life savings. The first day's revenues were \$366.12. Last years sales topped \$15.6 billion.

That's a lot of hamburger.

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