SELF-EMPLOYMENT

by **ANAGH PAL**

FINDING THE GREEN PASTURES AFRESH

A retirement doesn't mean the end of your career. If you want to start something new, try entrepreneurship. Here's how

In January 2012, Shekhar Dasgupta, 56, started GreenField Software, a data centre solutions provider, banking on an illustrious career he had built in that field. He had just finished a term as the president and chief operating officer (COO) of Solix Technologies, a Silicon Valley start-up. Prior to that he was the managing director (MD) of Oracle India. Says Dasgupta: "I am seeing this as a career option that can be a life-long journey and full of excitement all through."

With increased life expectancies, people are living for a good 20 years or more after their retirement. Apart from a need for a source of income to supplement their retirement funds, they also are looking at keep themselves meaningfully occupied. Taking up a new job is one option and starting off on one's own is another option a few others are looking at.

SHEKHAR DASGUPTA 56
Founder, GreenField Software

Date of launch: January 2012

"Be focused and do not try too many things at the same time. A job and entrepreneurship at the same time is difficult"

VISHAL KOUL

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THE TRICKS OF THE TRADE

Here's what you need to keep in mind to be on track

- Do something you are good at and enjoy; don't follow a trend
- Leverage your areas of expertise
- Forecast capital requirements
- Don't dip into your retirement corpus
- The capital for your business should be over and above your retirement corpus
- If you don't have funds over and above your retirement corpus, look for a business that's less capital-intensive
- Make realistic assumptions about cash flow and returns in the initial phase
- Ensure adequate medical insurance and funds for medical exigencies
- Partner with like-minded individuals
- Start small, invest as an when you see your business sees success
- Have a succession plan in place to ensure a smooth transfer after you

But starting up near or after retirement has its pros and cons. The advantages, says Sanjay Lakhotia, founder director, Aamoksh One Eighty in India, are: "You are not constrained and can explore whatever opportunity comes your way." The other benefit is that you can leverage years of experience and networking to give your start-up an edge. Aamoksh One Eighty is an organisation that believes retirement is the time to pursue one's hobbies and dreams and also manages retirement homes.

Says Dasgupta: "One advantage is the network and senior connections and, if you have earned goodwill, respect and reputation during that time, it surely helps." Adds Saurabh Srivastava, an IT entrepreneur and co-founder of Indian Angel Network: "You have a better chance of succeeding, depending on whether you have thought through it a lot. You know what works and what doesn't."

On the flip side, you can less afford to fail compared to, say, an entrepreneur in his 20s. Also, there is the tricky part about financial planning. Starting a business takes capital and even if you are expecting it to generate an income, you cannot afford to draw heavily from your retirement corpus. Says Rohit Shah, founder and CEO, Getting You Rich, a financial planning firm. "Your retirement funds should not be put at risk."

Know what you are getting into. Be very clear why you are getting into the business. Says Yogin Sabnis, CEO, VSK Financial Consultancy Services, "Ask yourself whether it is for the prime purpose of keeping yourself occupied or augmenting your income." Importantly, get into something you are good at and something you really enjoy doing. "Know the market you are entering; do not make assumptions which are not validated," adds Dasgupta whose stint with the start-up helped him gain entrepreneurial experience.

Think hard about your finances. Ideally, look to build a separate corpus for the capital needs of your business over and above your retirement corpus and fund your need for other long term goals. But if that's not possible, look to start something that is not capital-intensive, but leverages your experience. Or you might want to partner with others so that the capital needs get divided.

Dasgupta has got an angel investor-cum-incubator on board since his is a cash-intensive business. But he has also taken help from a financial planner and built a separate corpus for his retirement, his family needs and for the capital he would need to put in himself. He also ensured adequate medical coverage.

In all, one has to plan properly. Says Shah: "One should start preparing a few years before retirement and discuss the business concept in entrepreneurship forums and plan for the needed capital. One also needs to make realistic assumptions on the cash-flow and the returns expected in the initial period from the venture. The idea is to ensure that you don't dip into your retirement corpus."

That said, one may dip into the retirement corpus if one is sure of a strong possibility of a regular income from the business. In that case, one can invest the cash-flow in long-term diversified equity mutual funds (MFs) and keep it for later years of retirement. But one should exercise extreme caution in this, says Shah.

Also, one needs to figure out the allotment of the retirement funds, which would again depend on the risk profile. One might not want to take extra risk in the portfolio or one might take additional risk by having a bigger portion of the portfolio in risk assets. Says Sabnis: "At least 20 per cent of the retirement corpus needs to be kept in growth assets to beat inflation. Even if one does not want to increase the risk exposure, this should be a case for not reducing the risk any further as he is expecting some back-up income."

Minimise risk. One should try and look to minimise risks in a planned manner. Says Lakhotia: "Start small first and make incremental investments. If you see success, only then only put in more money." He adds that if one finds a start-up that has an exciting business idea where one can put in one's experience, then one should join it and ask for some sweat equity in return without putting in any investment. The person basically provides mentorship and guidance.

Who knows, there might not be a better time to be your own boss. ◘

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