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FEATURE STORIES - JANUARY 2007

Industry Focus: Young Entrepreneurs

A New Generation of Business Leaders

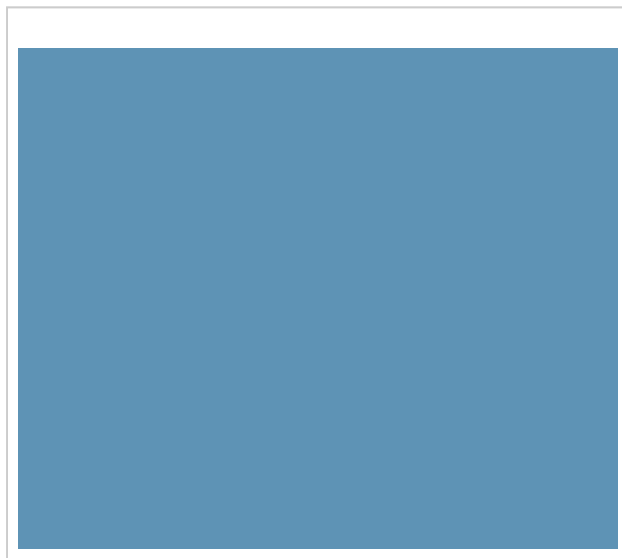
by Kathleen Foley

Does age matter in the business world? As part of Nevada Business Journal's monthly Industry Focus series, we brought together entrepreneurs under the age of 40 and asked for their outlook on being business owners in Nevada. Connie Brennan, publisher of Nevada Business Journal, served as the moderator for the event, which included a freewheeling discussion of issues such as work ethic, credibility, staffing and the entrepreneurial mindset. Following is a condensed version of the discussion.



Robb Smith: I'm the founder and managing partner of Nevada Ventures, which was Nevada's first venture capital fund. I'm also the co-founder of the Reno-Tahoe chapter of Entrepreneurs Organization (EO). I have been involved in several entrepreneurial and start-up companies, primarily in Northern Nevada and technology-based.

Gerald Shear: I bought BMW Motorcycles after selling a real estate company about a year ago. I planned to take some time off from running a business, but that only lasted about two months.



Kale Flagg: I'm the director and founder of a development company called Stable Development. We focus on corporate office buildings and medical buildings. I have never had a job except for the companies I have owned.

Sam Cherry: My company, Cherry Development, focuses on residential high rises in the downtown area of

Las Vegas. We're also looking to build in the downtown Henderson area.

Mark Cenicola: Cenicola-Helvin Enterprises hosts a variety of websites, from technology news to classifieds. We also provide business solutions under our bannerview.com brand. These business solutions range from email marketing software, website building, e-commerce, website hosting and custom solutions. Basically, we help companies conduct business on the Internet.

Paula Yakubik: I'm the managing partner and founder of MassMedia Public Relations. We are a corporate public relations and advertising firm. We have 18 employees in Las Vegas and five employees in Reno, and we recently opened an office in Phoenix.

David LaPlante: I operate a software development company called Twelve Horses. We have offices in Reno, Salt Lake and Ireland.

Brett Primack: Our family company, called Primack Valley Companies, has several different real estate and development components. I also am a general contractor. We just finished some four-plexes in Henderson and now we are getting more involved in the industrial and commercial realm.

David Stone: I'm the founder of Nevada Association Services. My company is a licensed collection agency representing homeowners associations in the collection of past due assessments. I'm a new member of EO. I have been an entrepreneur for as long as I can remember. My first venture was in the 7th grade selling chewing gum to other students. That got shut down, and since then I have had other start ups. Most of them failed, but when I started this one, I finally found something that worked, and here we are today.

Darik Volpa: I'm the founder and CEO of Understand.com, located in Reno. We make medical animations that explain surgeries to patients. Doctors will license our product and people can go to their website and see a total knee replacement, ACL reconstruction or breast augmentation. I worked in corporate America for 10 years. I'm not a serial entrepreneur like many of you, but got burned out on the corporate life and wanted to do my own thing.

Douglas Geinzer: I'm with Recruiting Nevada. We publish the largest network of employment websites in Nevada, helping companies track why people move here. I am the original founder of the EO chapter in Las Vegas. I have been an entrepreneur forever. I have never really worked for anybody.

David Goldwater: I formed a company creatively named Goldwater Capital Nevada. We lend money to developers and builders. It's hard money; we sell first and second deeds of trusts to the public and lend that money out. I worked as a policy maker for about 10 years and then started my own business. Our loans range from about half a million dollars to \$15 million.

Zoltan Hollo: I have been in Las Vegas for 13 years. I'm a managing member of TerraSpec Development, which is a land acquisition and developing company. We focus on the outlying market, so we don't have too much going in Las Vegas right now, but mostly in the Laughlin and Bullhead, Arizona market. Our ultimate goal is to create master-planned communities such as the one we are working on in Steamboat Springs, Colorado right now. Currently, we are developing some multi-family projects.

Jaimee Yoshizawa: I'm with Pacific Concepts and the Cauldron Tavern. I'm a civil engineer by trade, born and raised in Hawaii. We do civil engineering, real estate development, property management and commercial real estate brokerage. We take one or two projects at a time and do the land acquisition and everything involved with development, with property management from ground up, as well as commercial and small residential real estate. The Cauldron Tavern, which we own, is a video poker bar.

Bianca Minnozzi: I have been in Vegas for about 38 years and I own Rolladen Shutters. We are family-owned and have been in business for 20 years. We manufacture and sell Rolladen Shutters to businesses and residential homes. They are important for energy conservation and security.

Connie Brennan (Nevada Business Journal): What is the biggest challenge of being a young entrepreneur? What is the biggest reward of owning your own company?

Primack: I'm going to answer the second question first. I have two kids – six and eight – and owning my own business means I can spend more time with them. I don't have a boss saying I have to be there from 9:00 to 5:00. The biggest challenge on the flip side is managing time. It doesn't matter if you are a young entrepreneur or an older entrepreneur – managing your time to make sure you can do everything you want to accomplish is a challenge.

Cenicola: The best thing about being an entrepreneur is I'm actually doing what I love to do, and I think that's the most important thing. It's funny that David started as an entrepreneur selling gum to kids in school and got shut down. I got shut down in fifth grade selling Now-n-Later candies.

Flagg: Most people have their income and define their lifestyle within that income. As entrepreneurs, we can define what kind of lifestyle we want and create the income we want so we can achieve that lifestyle.

Brennan: Have you ever considered working for anyone?

Cenicola: Yes, I have worked for other people. I was actually a network engineer for the City of Las Vegas as a technology person. There are a lot of people out there who are a lot smarter than I am, when it comes to technology and programming. So, I figured I could run the business side and find the talent who are much better at doing the dirty work, and let them be the best at what they do.

Brennan: The No. 1 challenge for most business owners is finding the right people. Is that something you face as well? How difficult is it for you to find qualified people to staff your company?

Volpa: We hire a lot of technology people. My biggest challenge is being successful at getting high tech talent to Reno. We recruit in the Bay area and in Sacramento. Trying to recruit in Las Vegas and other

places is by far the No. 1 one challenge, especially with 4 percent unemployment.

LaPlante: Finding quality labor is always a challenge. As a young entrepreneur, it's also important to avoid the pitfalls about being optimistic about what you want to make. That's where groups like EO can be really helpful. Sometimes you have to fire someone, and that just rips you apart, and you probably did it two years too late anyway. I think everyone at this table has probably gone through that.

Stone: My business is all customer service-oriented. I have a hard time just finding a receptionist who shares the same ideas I have – when someone calls and says, “Thank you” and your receptionist doesn't say “Uh-huh,” but says, “You're welcome” or, “My pleasure,” or “Anytime.”

Yoshizawa: On the flip side, there's also such an appreciation for finding the right people and then surrounding yourself with them. Then it seems like all these other people tend to gravitate around you. I have so much more appreciation for my staff right now than I ever did when I first started out.

Flagg: For me, the challenge is not finding people willing to take the salary, but finding people who don't have what we term a minimalist attitude. There are so many people who just do the minimum amount. When you get a quality person, you start getting momentum and you get some good people who attract more good people. When you get one or two, they see the passion, they live off the passion, and then other people are attracted to that. Maybe they don't want to take risks, but at least they have the work ethic. They want to take the most advantage of situations, as opposed to a minimizing them.

Brennan: Is it difficult for you to get respect from prospective clients because of your youth?

Cherry: It's the banks. When you are 24 years old and you are going to a banker asking for \$60 million, if you are knowledgeable about your project and about your industry, it makes things much easier.

Hollo: I face the same challenge. I think the way you get respect is to simply know what you are doing. You can always get somebody's respect if you are the best at what you do. When you start out, that credibility and trust are important.

Brennan: But if you are 24 years old, how do you get your financing?

Hollo: I believe banks focus on people first. I found a local banker and ended up getting my first loan for \$16,000.

Cherry: Your knowledge of your business is also important, and they see that.

Geinzer: For my first few start-ups, I used credit cards and family. As I continued to grow, I had some hard times, but I have done it all with my own money. So, I don't go to a bank anymore. I find it's smarter and easier to make the money and only grow based upon what you are bringing in.

Brennan: In every roundtable, one of the common threads is always the complaint that the new generation, your generation, doesn't have the work ethic of other generations. What do you think?

Yakubik: No. I have trouble getting respect from the younger generation below us. I've had people who worked for me who dictated what they wanted, came in when they wanted and took time off when they wanted. That's what I have a problem with.

Stone: I don't think there is anything really attractive or noble about someone saying, "I'm working 80 hours a week." Our older generation always says, "When I was younger, I worked 60 hours a week." Today you may be able to produce the same amount, but if you are doing it in half the time, that's impressive. So, it's not really the number of hours you work. I think it's the quality of work you are doing. We have the Internet now. Everything's different. So I think we have to keep that in mind.

Geinzer: It comes down to how you were raised and what part of country you were born and raised in. My company attracts a lot of people from the East Coast or Midwest because they bring in a sharper work ethic. Nothing against the West Coast, but a lot of this population wants a job where they don't have to work. We find we would rather have people from the east than the west.

LaPlante: Our best recruits don't know to look for us and they're not looking for a job. They're just looking for social interaction. So we need to "hang out" where they do and make contacts with them. It's that socially conscious, younger employee who makes us a better company. It's that 20-something crowd. They're very socially conscious and they're willing to work 60 hours a week if they feel they're participating in something other than just the bottom line. And they make really great employees.

Brennan: Does the educational system offers enough classes on entrepreneurship?

Primack: No, it's hard to teach risk, though. I mean, how can you teach someone how to accept risk? A class won't teach you that. Experience will.

Stone: There's a drive in most entrepreneurs that simply cannot be taught. I'm sure that most of us in here share the same traits. You just don't learn that in college or graduate school. College teaches you the basics: finance, accounting, human resources, marketing and management.

Brennan: So, do you think there is a void in the education system?

Stone: I don't know firsthand, but I'm sure there is a void. I think there is always room for improvement. Offering classes on becoming an entrepreneur is only part of the equation. Even you had a great course of study at UNLV and you had a class of 100 people, you are still only going to get 5 to 10 percent of the students who go out and become successful.

Smith: We're working on setting up an entrepreneurship minor at the University of Nevada Reno and have been for some time. As we work through this, I often say that entrepreneurship is a cultural innovation. Look

at Silicon Valley. Of course, you really want to see what drives students to feel confident about going out and trying it on their own. They're in a culture where their examples are successful entrepreneurs. Using examples in our own community that show people it can be done, and then translating that back into the university system, will have a market affect. We lecture pretty regularly at the entrepreneurship school. We tell them that the universe is far more malleable than what most people think. You have to have a creative vision, be stubborn with your will and execute it. So follow your passion and don't be afraid. For those who get it, I think they have just as much capacity to become an entrepreneur as any of us.

LaPlante: For the past two years, the Center for Entrepreneurship and Technology has put on a statewide business competition for college students. It's done in Arkansas and Oklahoma as well. The Reynolds Foundation kicks in a sum of money to provide cash incentives for better business ideas. These kids get so much experience. I wish I could go back to college now and get the same experience they are getting. They have the chance to interact with folks like us and find out what they really need to know. You can't teach entrepreneurship. You can only pass on experiences.

Stone: I think one of the things that should be taught is that if you are motivated to be creative, if money is your primary motivation, you're probably not going to be successful at whatever you do. There's got to be something else, whatever it is. If it's money, it's not going to happen.

Brennan: How do you even know about a business plan when you are 20 years old?

Stone: Trial and error.

LaPlante: Yes.

Brennan: Do you use organizations with mentoring programs?

LaPlante: I know in Northern Nevada they have SCORE (Service Corps of Retired Executives). It is retired business people who are giving back to the community. They have become involved in Northern Nevada with helping some of the college programs.

Cherry: I think mentoring is the key. I was mentored, not just in business, but in life as well, so I feel like it is my responsibility to teach what I know to someone who shows an interest. I failed many times, but I have learned from each failure, and it was all from mentoring. And I think it is a huge responsibility. Any way I can help someone who shows an interest, I would love to help.

Stone: Giving back to the community is extremely important to my company, just because what we do often has a negative connotation. We're a collection agency and we also work for homeowners associations, so that's a double whammy. We're very active in giving back to the community. We want people to know we aren't horrible people. During the holidays, we sponsored three families and made sure all our employees participated. It is just such a great feeling to give back to the less fortunate in the community.

Brennan: At the end of the day, what really sets you apart as an entrepreneur?

Volpa: Risk. The desire to take risks.

Stone: Fear.

Smith: Especially fear.

Yoshizawa: It's just never giving up. You can't teach this to anybody at school, but being successful is a lot of failures. It means picking yourself up time after time. Nobody is going to teach you how to not give up and, when you have a problem, how to find a different way to solve it.

Flagg: I don't think anyone at this table would be successful as an entrepreneur or CEO if they weren't willing to bet on themselves. We are our best bet, and we create the lifestyle we want, as opposed to limiting our lifestyle based on somebody else's estimation of our value.

Yoshizawa: There have been a lot of trial and errors, and a lot of hardship. If I wanted to close up shop, I can't do it anymore because I'm going to affect so many other people's lives now.

Goldwater: It's a combination of being appropriately dumb and appropriately smart. You have to be dumb enough to believe you can do something and smart enough to know you are actually able to execute it.

Smith: I think there's a thirst for feeling alive and innovative, and challenging yourself. The flip side of that is the fear you'll wake up some day and realize that you didn't challenge yourself.

Cenicola: Numbers are actually what motivates me. It's getting the numbers right and adding up someone's score if they took a chance to win. Having the biggest number is the way to win, and money is the easiest measurement of your success because it shows you took almost nothing and turned it into something.

Goldwater: One of the developers I work with says he categorized entrepreneurship into three phases. First you're crazy; second, you're a visionary; and third, you are lucky.

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Kathleen Foley is the editor-in-chief of Nevada Business Journal.

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