

# A dream denied in Falls

**HOPES:** *Former factory worker's wish to open restaurant falls prey to perils of small business ownership.*

By Patrick J. Bradley

Niagara Gazette

When Sean McCarthy found out last year that his employer, Globe Metallurgical, was going to shut down, he decided to pursue a long-time dream and open his own restaurant.

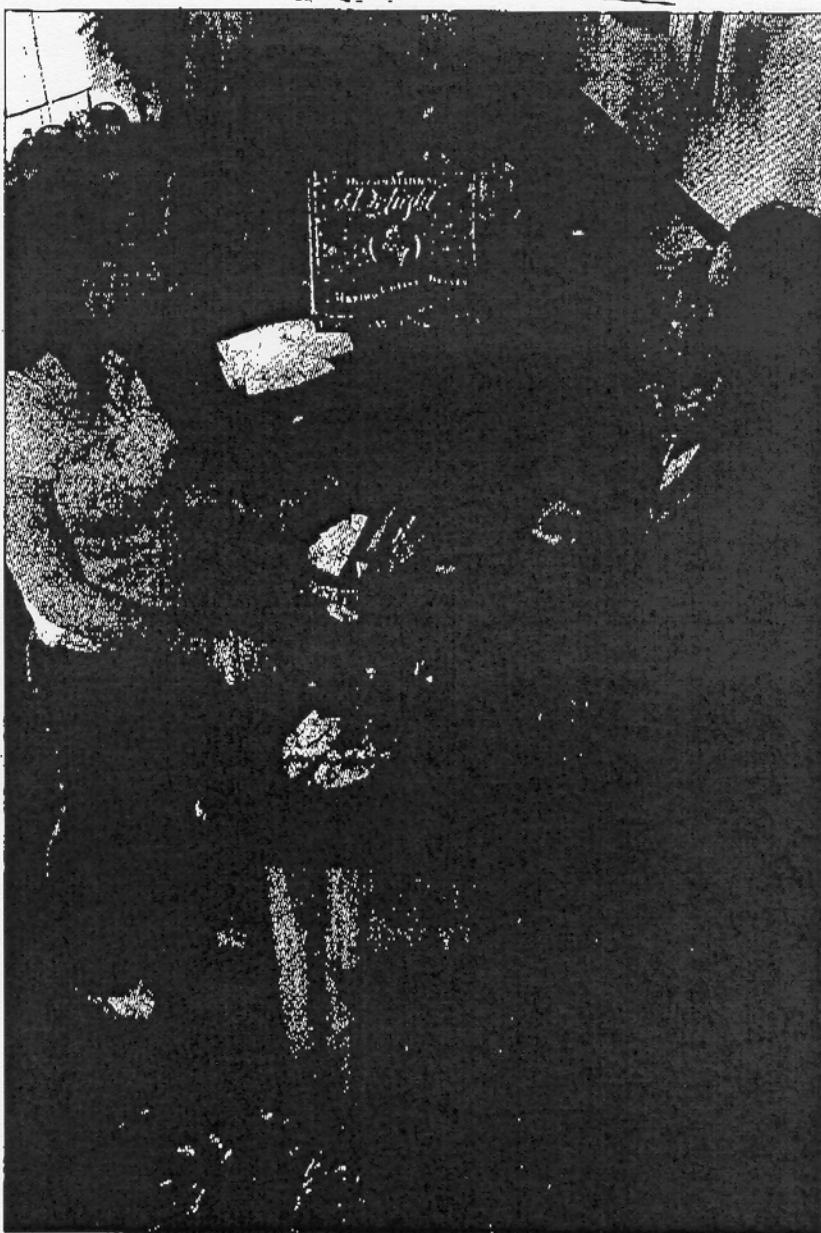
"It's something I always wanted to try," McCarthy said Wednesday. "I always liked people. One of my first jobs was working down the street at Michael's Restaurant. I learned how to cook there, and I liked it."

McCarthy and a friend, Mark Titta, decided to do it together. They found what they thought was prime location in a high-traffic area at 2608 Pine Ave., between Grana's Produce and Anello's Wine Place.

On March 1, a month and a half after they rented the space, they opened the Coffee Cup Cafe.

Customers flocked to the new eatery as word spread about Joyce McCarthy's tasty sauce and the free, homemade Italian cookies she passed around for dessert. But shortly after the doors opened, Titta left to pursue other interests and the McCarthys were forced to buy him out. Without the money to pay for advertising, business started to lag.

Sean McCarthy, who had withdrawn his entire company retirement fund to use for start-up money, held on for dear life. Joyce and the kids — the couple has eight children ranging from 12 to 27 — helped out in every way they could. Thankfully, Globe Metallurgical reopened last June and Sean was able to return to his old job.



Vino Wong/Niagara Gazette

**DREAM CAFE:** McCarthy and her daughters, Kateri, 15, and Angelica, 17, talk at the Coffee Cup Cafe at 2608 Pine Ave. Joyce McCarthy's husband, Sean McCarthy, used his entire retirement fund to open the business, but may be forced to close it next week.

But since then, he's "been taking his whole paycheck and putting it in here to keep the lights on," Joyce said. "I'm glad he didn't buy a hardware store or we'd have no food."

In another two weeks, they'll have no restaurant, either. Unwilling to borrow more than he has already to keep the business afloat, McCarthy said he plans to close the doors a week from Friday.

"I met some wonderful people. I had a lot of fun, but I can't afford it anymore," he said.

McCarthy isn't alone. According to the U.S. Small Business Administration, a third of the new business startups fail to survive for two years. Only half make it past the four-year mark.

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# New businesses face challenges

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"The toughest time for a business is the start-up phase," said Richard Gorko, director of the Small Business Development Center at Niagara County Community College. "You have to have enough cash to carry you through months of low activity."

Gorko said the market for new businesses in Western New York is very challenging right now, although it is improving.

"The economy is down across the county; we're all suffering the effects of the recession and 9/11. The cost of doing business in New York state in comparison to other states is high. That's because of the taxes and fees businesses have to pay," Gorko said.

On the upside, the county is starting to re-address the fact that it's a tourist destination.

"We have a casino in the area," Gorko said. "Bottom line: It brings people to the area. ... That's going to create opportunities for business."

Prospective business owners have to be prepared to take advantage of those opportunities. Along with sufficient capital that means proper planning, said Deanna Alterio Brennen, associate director of the Small Business Development Center. Brennen speaks from experience. The former owner of the Quote & Quill in Lewiston, she also operates Arbor Tree and Land Care, along with her husband.

"Sometimes people don't plan properly. They'll go day by day or week by week," Brennen

## More Info

To learn more about starting or expanding a small business, call the Niagara County Community College Small Business Development Center at 285-4793 or 614-6480, or the Niagara County Industrial Development Agency Microenterprise Program at 298-8050.

said. "You want to be prepared ahead for certain problems. Cash flow is a problem for many businesses in this area."

Given the seasonal nature of many businesses and the fact that it takes time to build a steady and profitable clientele, start-up firms often borrow initial capital or establish a line of credit to help get them over the hump. One such source for low-cost loans is the Niagara County Industrial Development Agency's Microenterprise Program.

"What a wonderful program," said McCarthy, who is a graduate.

The Microenterprise Program teaches budding entrepreneurs such skills as customer development, marketing and sales, bookkeeping, and how to write and implement a business plan. Because he didn't want to saddle his family with additional debt if the Coffee Cup Cafe didn't succeed, McCarthy opted not to apply for a microenterprise loan.

Another graduate, Hamadou Sow and his wife, Karen

## Small business facts

Here's a quick look at the state of small business in the United States:

■ Two-thirds of small businesses survive at least two years. About half survive at least four years.

Small businesses:

■ Represent more than 99 percent of all employers.

■ Employ 51 percent of private-sector workers, 51 percent of workers on public assistance and 98 percent of workers in high-tech jobs.

SOURCE: U.S. Small Business Administration

Johnson-Sow, decided a loan made sense for them as they worked to establish Motherland Fashion at 533 Third St. After selling African art, masks, clothing, statues jewelry and other items from their homes for years, the couple expanded into their current location about two years ago.

"Deep in our heart, we knew we wanted to open an African store in Niagara Falls," Johnson-Sow said. "(My husband) was lucky enough to obtain a small-business loan, so that gave us a jump start."

The combination of microenterprise classes, the loan and continued attention to Motherland Fashion's business plan helped a great deal, Johnson-Sow said.

"I think we could have done it but that helped prepare it better," she said. "We're doing OK. We're hanging in there."

Another thing that helps Johnson-Sow is her ability to take the couple's business on the road. Although wintertime is generally slow, she'll be showing her goods this month at a Black History Month

fashion show. Beginning late next month, she and her husband will offer their popular lines of merchandise at festivals from Niagara Falls to Rochester.

"Festivals are a big thing for African art from Juneteenth through September," Johnson-Sow said.

Gorko said business owners need skills, and the Small Business Development Center is prepared to help would-be business owners learn them.

The center offers start-up seminars. Other services include one-on-one business counseling for people looking to start or expand a business and help with writing a business plan, setting up a bookkeeping system and lining up financial sources.

All services are confidential.

"We'll provide them all the information they need to determine if it's wise to open a business," Gorko said. "We lay out everything they need to know — the obstacles and the opportunities."