

Starting from scratch: The birth of a small business: Trying to beat the odds **By Tiffany Kjos**

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About 98 percent of local companies are small businesses - and nearly 60 percent of U.S. startups fail within the first four years. The Star followed a new business through its first year to chronicle the ups and downs of getting started.

That business, Chantilly Tea Room and Gift Boutique, marks its first birthday this week. A four-part series on the journey starts today and continues Monday through Wednesday in the Business section.

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Tamara Read dreams of Victorian homes, fine linens and proper tea ceremonies.

She was born in a city of adobe bungalows, serapes and tequila-laced drinks.

Read is building a tea room in Tucson.

It's going to require a few compromises.

Like many small-business owners, Read, 33, worked for other people before getting up the nerve to start her own company.

Her employers included a pastry shop, the Southern Arizona Chapter of the American Red Cross, and most recently an assisted-living facility.

But she's dreamed for so long of owning a business - specifically, a tea room - that she had to do it.

The soft-spoken, petite brunette is smitten with the genteel side of Victorian living. She loves to cook and has taken courses in flower arranging and cake decorating.

Both her parents have owned businesses - her mom used to run a retail shop and her dad is a business consultant.

"Everything in my life," she says, "has been leaning toward this venture."

Read is betting hundreds of thousands of dollars and years of work that she'll succeed.

If she doesn't play it right, lots of people could suffer, including employees, loyal customers and vendors. She could become another sad statistic - just like the 25 percent of restaurateurs who, according to a recent Ohio State University study, don't make it to see their first anniversary.

Tough odds, but she's willing to take them.

"It's just part of who I am," she says. "I remember sitting in California with a friend at the table, and I said, 'All I really want to do is open a tea room.' I think it's just supposed to be."

Roadblocks and red tape

Read has loved tea rooms since she had tea at New York City's Plaza hotel when she was 10 or 11.

"You walk in and it's got marble everywhere and fresh flowers, and pillars and things on the ceilings," she says. "You're served very elegantly. There's something very gracious about them and very soothing to the soul and very refined."

Since then, she has visited tea rooms all over the world, including England and Venice. She ticked off their amenities on a checklist she drew up, planning to implement some of them when she someday opened a tea room of her own.

Her road didn't lead straight to her dream. First, the Tucson native graduated from the University of Arizona with a degree in English philosophy and classics, and later a master's degree in education. She taught for only a few months, ending up working for the Red Cross and later the assisted-living home.

For years, she has been saving money and scouring antique shops for furniture and delicate, porcelain teacups to dress her future tea room.

"You start thinking ahead," she says. "You save and you do stuff."

Her original vision was to buy and refurbish an old home, but those she found suitable were Downtown - which she loves, but which other people don't, she says. People complain there's no parking, and street people don't lend an air of refinement.

Then, six years ago, she bought a bit of land on busy North Oracle Road, just north of River Road. Her real estate agent called the property a "sleeper" that had somehow escaped notice. As soon as she bought it, she began receiving offers from people who wanted to buy it. She turned them all down, and spent the next four years wound in red tape trying to get the land rezoned by Pima County.

"Although we worked with some good people," she says now, "it was a very frustrating process."

In the end, the delay worked in her favor: She had intended to open the business in September 2001, when terrorists attacked the United States and the economy took a sharp downturn.

"Given the situation in our country, that might not have been the best time to open a business," she says.

To prepare to run a tea room, she took business courses and cooking classes and volunteered at least one day a month for four years at a Mesa-area tea room called Abbey Gardens. Owner Hallie Adams was happy to indulge Read's curiosity about the inner workings of a business where little details and personal interaction mean everything.

"It's very important when you have repeat customers, as we do, that they see the same familiar faces and that the servers get to know them," Adams says. "People love to be called by their first name. They love to be recognized."

Market research be damned

Most businesses fail because they don't have enough money to get through the slow early days - or months, or even years.

Read got a loan of more than \$600,000 through Commercial Federal Bank and Business Development Finance Corp. She also invested thousands of dollars of her own savings.

"We spent a year doing loan stuff. My dad played a big part in that," she says.

But the loan is in Read's name alone.

"So if it flops," she says, "it's all me."

It is early March 2002, and construction on Read's business will start soon. Already she has learned about financing, real estate, budgeting, building and architecture. She also learned it would be as expensive to rent as it would be to build. But before she launches her business, she needs to bone up on human resources issues, and site details such as landscaping, water and garbage.

"Even where the mailbox is supposed to go is a huge issue," she says. It's scary, but she's ready to take the risk, fail at certain tasks, and hopefully do them right the next time.

"I'm going to flub," she says. "I know I am."

The business fronts an exclusive neighborhood, but, luckily, the homeowners embraced the idea of a tea room for a number of reasons: It will look like a house, it will close early and it won't have bright lights, blaring music or noisy delivery trucks.

The property is challenging in many ways. It's small and wedge-shaped, and it butts against a wall of desert. The building itself has interesting but tough design elements, including a round tower and angled rather than straight lines.

"The architect learned new words," Read says. "I kept saying, 'I want it charming.' He said, 'What?' "

What she did not do - and what almost every business consultant would suggest - is conduct formal market research to figure out if Tucson will support such a venture.

Doesn't matter, Read says. No matter what, "I'm going to do it anyway."

"It's finally happening"

Just a few weeks later, on March 28, 2002, Read's pre-construction optimism has dimmed. Workers have poured the slab for the tea room, and she's disappointed.

"Doesn't it look tiny to you?" she asks, surveying the 3,000 square

feet of wet concrete. "I keep thinking I'm not going to be able to fit everything I need in there."

"Nah, it's big," says builder Tom Alfonso, owner of Linear Construction. A moment later, Read brightens.

"It's going to be great," she says. "We're actually going to have a building. I'm actually going to have to do this. Oh my Lord."

Workers were at the site at 4:30 a.m. to pour the concrete and now, five hours later, they're on their knees smoothing it with flat, rectangular trowels. It's a cloudy, breezy day, and Alfonso hopes for rain, because it helps control dust.

"I'm awed a little bit because it's finally happening," Read says.

Cars driving down Genematas Road, off of Oracle, slow to peer at the workers. Read announced her project in a neighborhood association publication, but lots of people still stop to ask what's going on.

"It'll work," Alfonso tells Read. "I know a lot of people are excited about it. The neighbors are."

But nearby residents aren't the only people who've noticed the project. A few weeks after construction begins, would-be thieves break into the fenced construction site, hoist a heavy cast-iron post that supports the porch roof and try to heave it over the chain-link fence.

They don't succeed, and the construction crew concretes the post into the ground. But later someone bends the post trying to dislodge it from the concrete. Construction supplies - most recently, 50 sheets of plywood - disappear overnight over a series of weeks.

"I thought, 'Oh my goodness, you're kidding,'" Read says. "'You've got lights all over the building.'"

Builder Alfonso requests that police increase patrols, and Read asks neighbors to be on alert, but she is worried.

Insurance covers the property losses - damage adds up to about \$3,000 - but not the loss of Read's peace of mind.

"It's the invasion of your privacy," Read says. "I didn't think they'd come and dig things out of the concrete."

By mid-June, the thefts have stopped. The walls of the building are up, and workers are stuccoing them. The building process is accelerating.

"I'm getting a little freaked," Read says. "After four years of doing this it suddenly seems like it's going too fast."

Meanwhile, there's lots to do - hire a staff, choose colors, and repaint light fixtures that, it turns out, don't match the color scheme. Read needs at least one cook, an assistant cook, a part-time server, a full-time server and a retail clerk.

If she's lucky, she'll be able to afford to hire a dishwasher by Christmas.

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The owner

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Age: 33

Birthplace: Tucson

Business: Chantilly Tea Room and Gift Boutique, 5185 N. Genematas Drive, 622-3303