

Story of my strife: What I learned when my company went bankrupt

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More people and companies declare bankruptcy in January than in any other month, and certainly this year will be no exception. Many more people will not technically declare bankruptcy, but they will feel financially battered.

There is hope, though. There are tricks to being in a financial hole. I know because I've been there. In fact, you could say I fell off a financial cliff.

My stampede toward that cliff began when I got funding for an Internet company and cashed out of that company in the span of about five months. I started another company, and feeling like I was the most brilliant businessperson on earth, I invested my own money. I got a round of funding and paid myself (and my friends) extremely well.

Then the Internet bubble exploded, and my company was one at the epicenter. The first thing I did was tried to protect the people at my company. I gave as much notice as possible, so they could save money, and I helped everyone update their resumes as a last, hopeful act.

Then I was on my own. No more cushy, jet-set salary. No more juicy stack of stock options. I lost the pile of money I made, and I was lucky to get away with a portion of my savings intact.

I spent a lot of time getting out of financial commitments: the personal assistant, the BMW, the trips to Europe. And no more investing in friends' companies.

But financial ruin is like death, and I spent a good amount of time in the denial stage. So I didn't cut all the obvious expenses right away. It was gradual. As in, I gradually ruined myself even more, and then I cut down my expenses to a sustainable level.

I spent a lot of time with lawyers, which was a stupid idea because they did nothing for me except listen to me bitch about bankruptcy law. One lawyer could see that, more than legal advice, I needed life advice. He said, "Almost all business owners fail once or twice. The people who make it big are the people who can bounce back and do something new."

But I was not in a position to be a good listener. I was thinking about if he would charge me for the time he was giving unsolicited advice.

I spent a lot of time with friends — eating cheap sandwiches. Some of my friends dumped me when my company went bankrupt. Okay, they weren't really my friends if they dumped me for that, but still, I felt embarrassed and isolated. My remaining friends were sympathetic for a while, but soon they said, “Okay, it's over. You failed. But you can start something new.”

This is when the lawyer's advice came back to me — suddenly sounding like it was worth \$200 an hour. I thought a lot about what sort of life I wanted to lead. How much money I really needed. And it turned out that I didn't need as much as I had thought. So I cut down my expenses drastically while I thought about what I really wanted to do.

I took swing-dancing lessons. I danced every night for a year while I thought about what to do next. Friends would call and I'd say, “Sorry, I can't talk. The band goes on in a half-hour.” My friends thought I was crazy, but you need to do something a little crazy in order to gain distance from your failure. If you go right back to the life you were leading, it's hard to find perspective.

When I went back to corporate life, I tried a few things at once: I accepted a job in a new industry, I investigated starting a new company, and I did freelance writing. As it turns out, the freelance writing is what was best for my next step. But this is a step I would never have taken if my company had not gone belly-up.

The saying that failure breeds opportunity is true. First you have to sulk. Then you have to explore. But you will find something that excites you, and you will try again. And maybe you will fall off a financial cliff again in your life. But the next time, you'll be an expert.