Future of Entrepreneurship
Your Vision of Prosperity?
My Talk Today

Grow Your Own Conference
Federal Reserve Bank of Kansas City
October 31, 2012
Kearney, Nebraska

Opportunities
Community Evidence
Keys to Success
Great Recession

The most significant economic event in our lifetime!

A new economic and social world will emerge from this recession.
Great Reset

Space exists in our economy and society for creativity and innovation that can lead to a new round of economic and social progress and prosperity.

The Long Depression of the 1870s and the Great Depression of the 1930s is evidence that this can be the case with the Great Recession.

This is called the Great Reset!
The Reset Process

Prosperity

Crisis Unraveling

New Ventures

Opportunity Space

New Innovation
Supply Chain Companies
Defense Contractors
Government Contractors

Immigrant Talent
Safe Harbor Immigrants
 Graduate Students

Displaced Talent
Under-Employed Talent
Un-hired Graduates

Women
Business Failures
Retirees

Entrepreneur Opportunities
The Great Expansion

The 1990s were a remarkable period in American economic development history. During the 1990s household net worth grew by a remarkable $22 trillion. No other decade since World War II posted such wealth creation in United States including the 1950s, 1960s and the 1970s.

By the Numbers

Businesses: +3.7 million (30%)

Jobs: +28 million (19%)

Nearly 390,000 net new jobs per month over six years!

Sales: $5 trillion (35%)

www.youreconomy.org
Edward Lowe Foundation
Illustration – 2001-2009

By the Numbers

Businesses: +5.9 million (37%)
Net gains in new businesses actually rose!

Jobs: -11 million (-6.4%)
For the 96 months during this period net job destruction averaged nearly -115,000/month

Sales: -$973 billion (-5.0%)

Digging Deeper...

Job Changes...

Non-Resident: -7.1 million
Largest Employers: -9 million

Smallest: +8.0 million
Self-Employment: +3.2 million
91% Increase

What are You Doing?

www.youreconomy.org
Edward Lowe Foundation
Employment Shifts – 3 Waves

Pre-World War II
Self-Employment – Smaller Local Employers

World War II into the 1990s
Large Corporations, Government & Non-Profits

1990s through to Today
Swelling Self-Employment & Smaller Ventures

Navigating Change
Community Evidence
Sahuarita, Arizona

South Tucson – Bedroom Community
Explosive Suburban Growth
Midland Crowd – IT & Aviation
Great Recession Slowdown
Desire for a Domestic Base Economy
Stay at Home Spouses
800 Educated Home-Based Workers
Cluster Spin-Off Opportunities
System Support & Coaching
Fond du Lac, Wisconsin

Industrial Midwest Small City

Janesville, WI GM Lesson

Mercury Marine Scare

Threat to Supply Chain Companies

Defense Contractors

**Focus on Defense & Supply Chain**

Customized Entrepreneur Coaching

Use of Market Research

Wrap Around Services

*Finance – Facilities – Workforce, etc.*
Missoula, Montana

Western Montana
Mountains & Drop Dead Beautiful
40 Years of Economic Boom
New Residents, Housing & Commercial
Great Recession – Boom Stops
Forestry Industry Collapses
Micro Clusters of E Talent
Technology Focused
Pharma – IT – Green – Tourism
Comprehensive E Coaching Support
Red Wood Coast, California

Coastal Northern California
Rural & Very Isolated
Declining Natural Resource Economy
Historically at the Bottom in California
Largest Industry – Pot Production

Humboldt Area Foundation
$100 Million Endowment
Long-Term View & Commitment
Entrepreneur Focus
Now in the Top of California Counties
Rawlins County, Kansas

Youth Entrepreneurship Fair
Nonfarm Proprietors’ Income & Employment (1960-2008)

Rawlins County, Kansas
Net Migration
Rawlins County, Kansas

Source: Internal Revenue Service, Statistics of Income, Migration Data
USD 105 School Enrollment
Rawlins County, Kansas

Source: Kansas Department of Education & Kansas USD 105, 2010
Historical Population Trend Line for Rawlins County, KS

1,623 5,728 4,393 3,404 2,966 2,875 2,846 2,765 2,690 2,601 2,557 2,536 2,466 2,425 2,519

Rawlins County, KS Wrap Up

Keys to Success

Community Reinvestment & Building

Smart People Attraction Strategy

Entrepreneur-Focused Economic Development

Community Philanthropy

KFB Report – Search for Solutions, The Future of Rural Kansas
Keys to Success
Smart Strategy
Strong Execution
Robust Capitalization
Sustained Effort
Smart Strategy

Right Strategy

Experience & Learning

Smart Game Plan

Research

Genuine Opportunity
Meeting the needs of entrepreneurs is important – supply of counseling, capital and the like is essential. But we tend to forget the demand side of the equation. This is a one on one contact sport.

Beth Stube -- Dickinson, North Dakota
The Entrepreneurial Pipeline

- No Action
- Tire Kickers/Pre-Venture
- Failure
- Necessity
- Opportunity
- Breakout
- High Growth

Consume Resources, No Impact
Consume Resources, Low Impact
Both Basic and Secondary Market Ventures
Move to Basic Markets, Moderate Impact
Large-Scale Impact

Don Macke, Center for Rural Entrepreneurship, 7/2011™
Focusing on Growth Es

*Edward Lowe Foundation Definition...*
Growing Stage 2 Ventures (2-9 employees)
10 to 100 Employees
$750,000 to $50 million in Receipts

*Center’s Definition...*
Growth-Oriented – Bigger Pool of E Talent
Can Be at Any Stage
Motivation to Grow – Capacity to Grow - Basic
Smart strategies are essential and create an opportunity for impact.

But smart strategies without strong and consistent execution will not stimulate economic development.
Robust Capitalization

Most Initiatives are Under-Capitalized
Most Lack Ways to Grow as Opportunity Grows
Most Lack Time to Prove Up

ROBUST CAPITALIZATION IS ESSENTIAL TO SUCCESS!
Sustainability

3-5 Years to Prove Up

A Decade Yields Impact

Within a Generation the Trend Lines Can Be Changed

Sustained efforts are foundational to success.
Some Final Thoughts
The Right Development Goals?

Economic Opportunity
Broadly-Held Community Wealth

Development efforts that are able to nurture and grow communities affording wealth formation or asset formation that provide personal and community choice.
Youth the Toughest Test
Unlike almost any other mature economy in the world, the U.S. places the primary responsibility for development in the hands of local communities—whether that is tiny Mullen, Nebraska with less than 500 residents or the Los Angeles basin with millions of residents.
Questions & Discussion

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