



Future of Entrepreneurship





Your Vision of Prosperity?



My Talk Today

Grow Your Own Conference

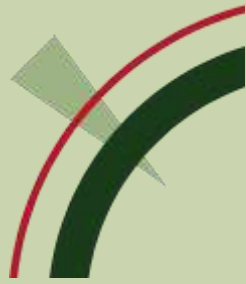
Federal Reserve Bank of Kansas City

October 31, 2012

Kearney, Nebraska



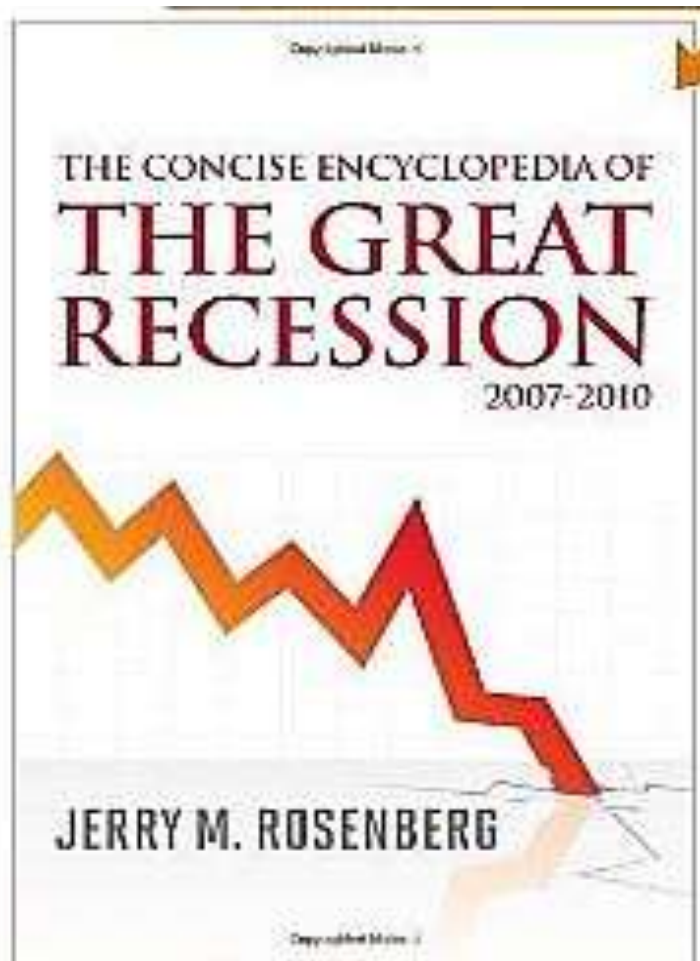
Opportunities
Community Evidence
Keys to Success



Opportunity



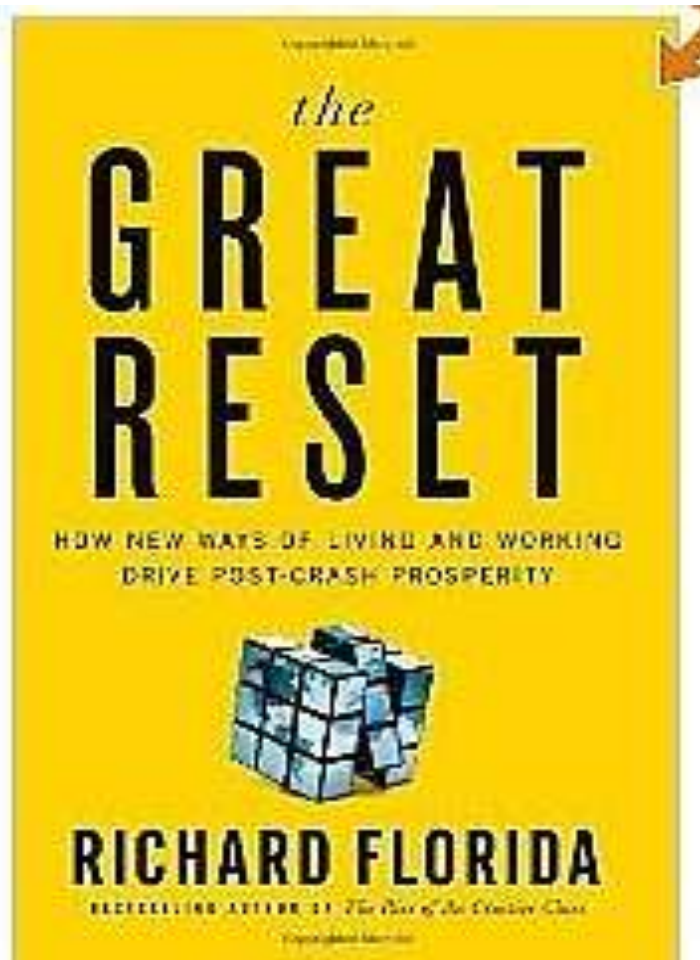
Great Recession



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



Supply Chain Companies
Defense Contractors
Government Contractors

Immigrant Talent
Safe Harbor Immigrants
Graduate Students

**Entrepreneur
Opportunities**

Displaced Talent
Under-Employed Talent
Un-hired Graduates

Women
Business Failures
Retirees

Illustration – 1995-2001

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%)

www.youreconomy.org

Edward Lowe Foundation

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?



Employment Shifts – 3 Waves

Pre-World War II

Self-Employment – Smaller Local Employers

World War II into the 1990s

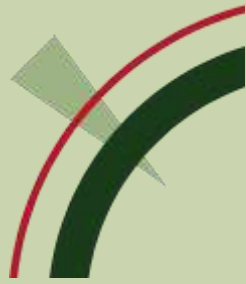
Large Corporations, Government & Non-Profits

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

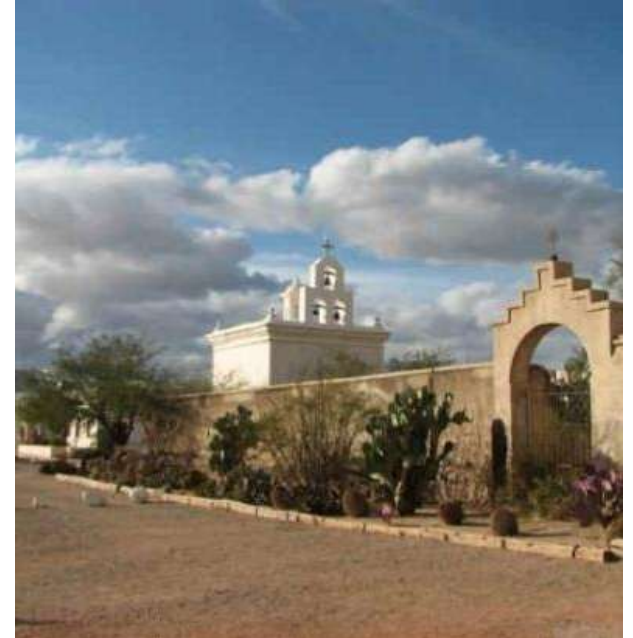
Desire for a Domestic Base Economy

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

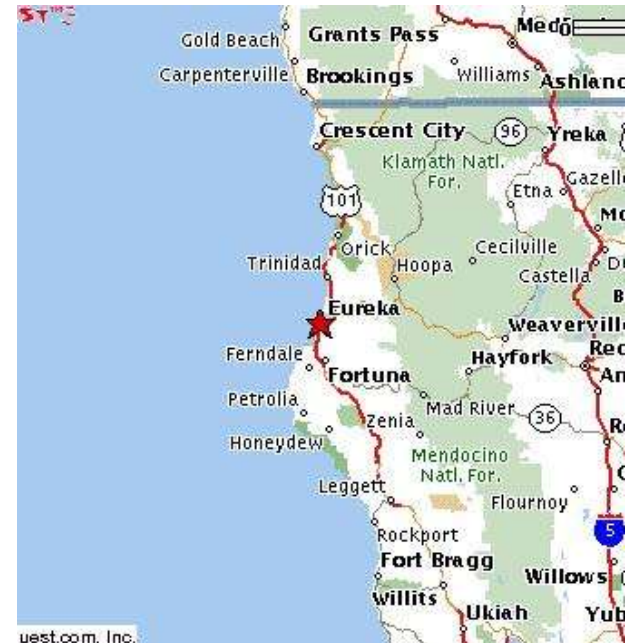
Humboldt Area Foundation

\$100 Million Endowment

Long-Term View & Commitment

Entrepreneur Focus

Now in the Top of California Counties



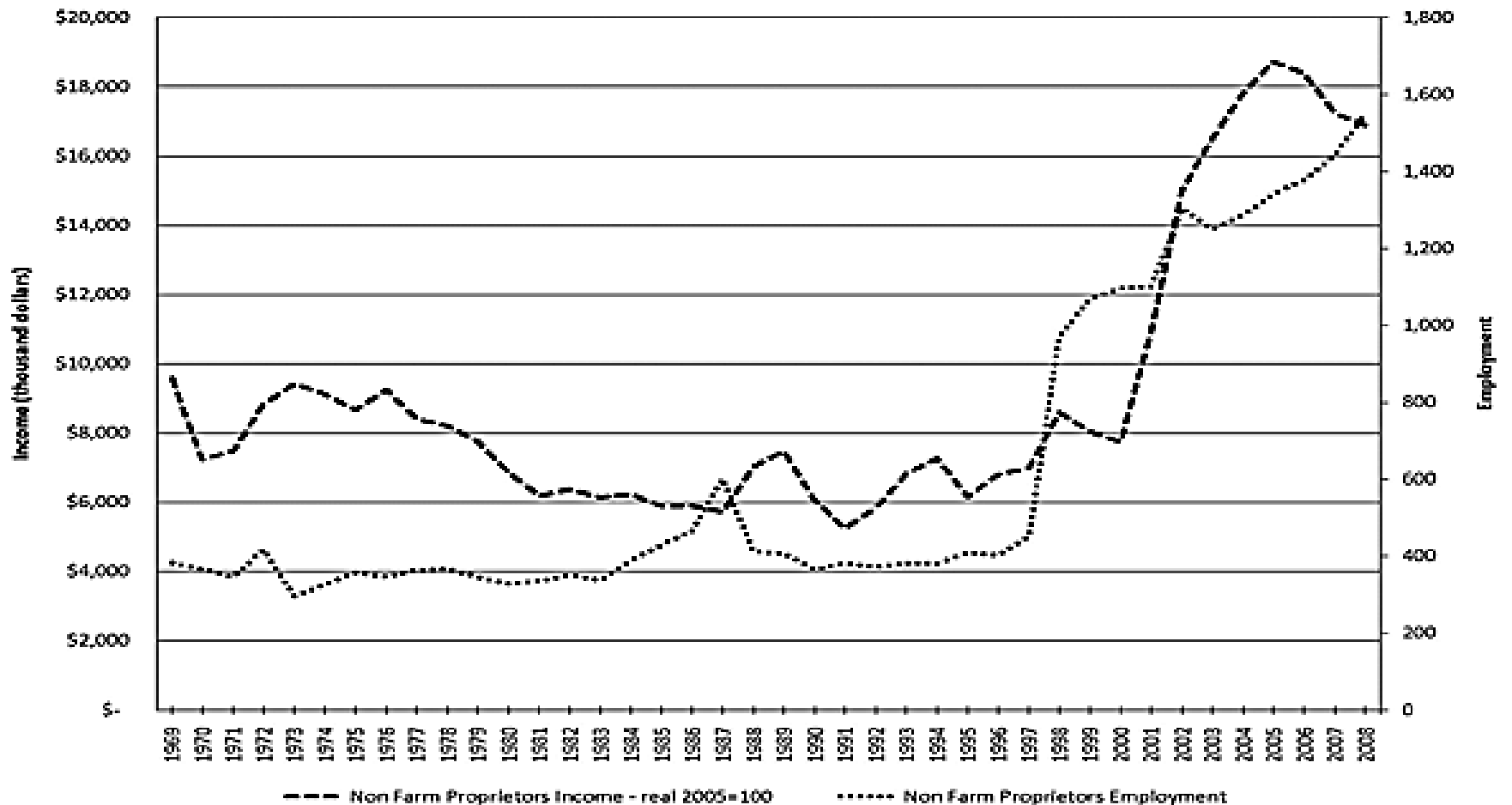
Rawlins County, Kansas



Youth Entrepreneurship Fair

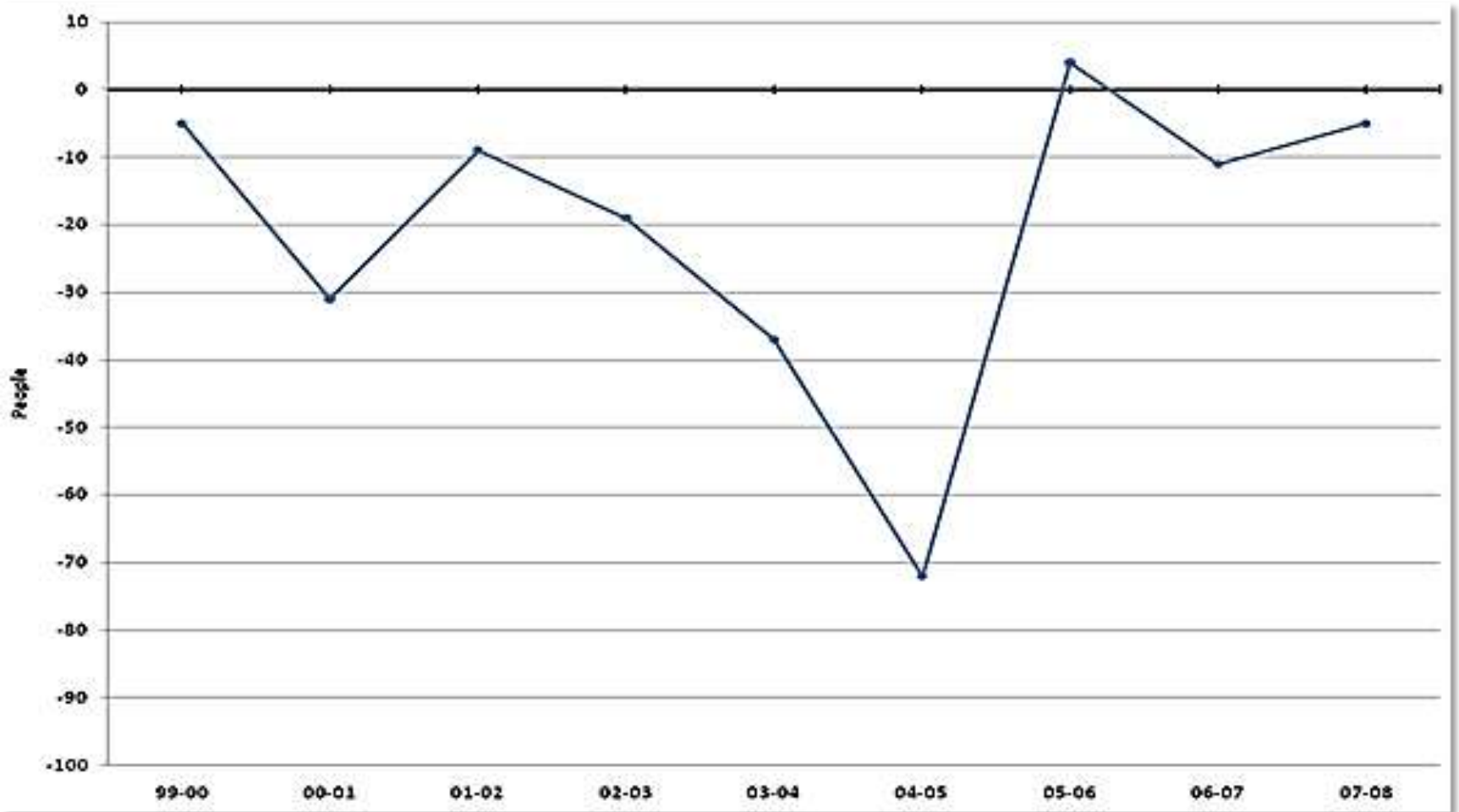
Nonfarm Proprietors' Income & Employment (1960-2008)

Rawlins County, Kansas



Net Migration

Rawlins County, Kansas

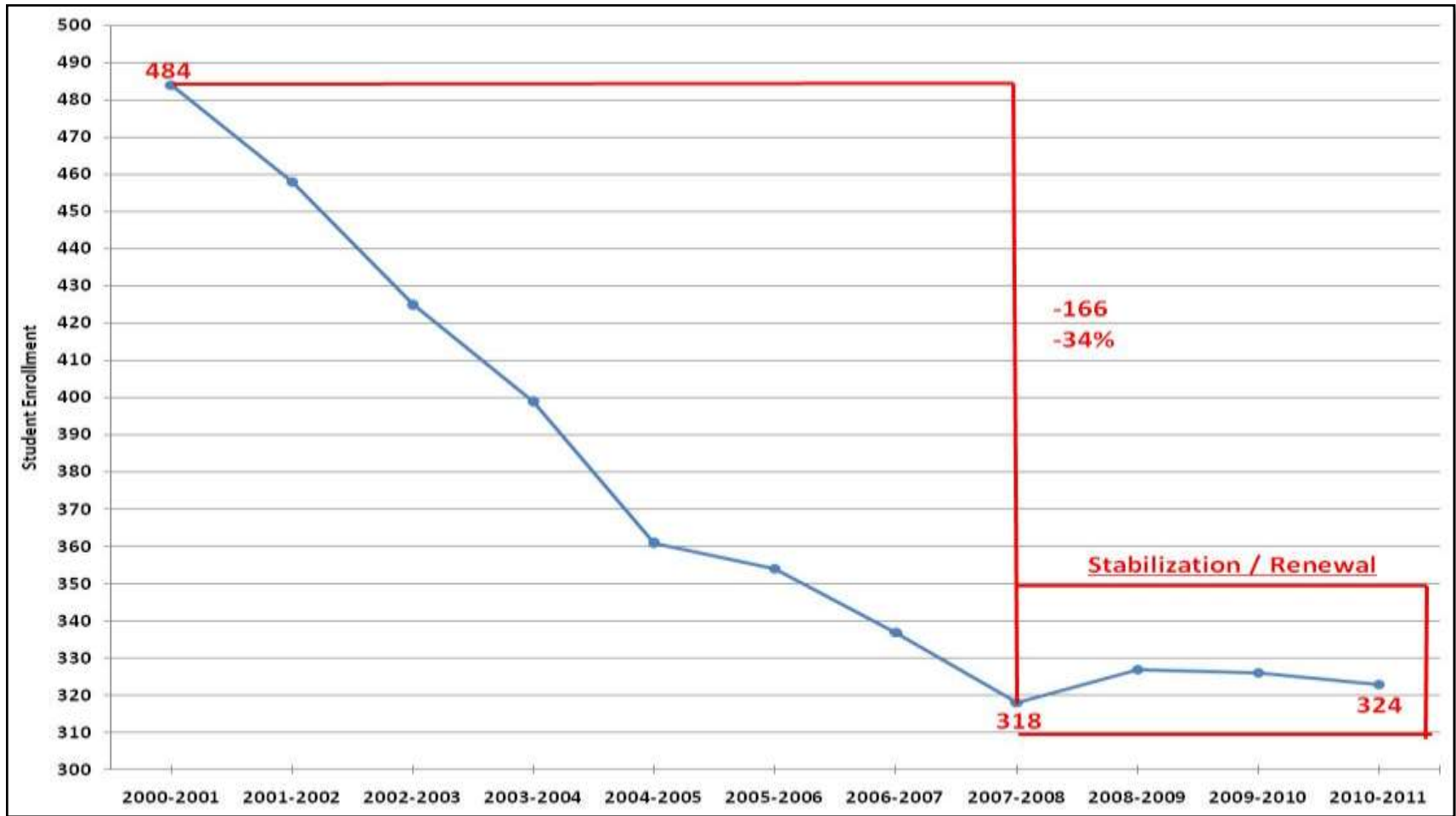


Source: Internal Revenue Service, Statistics of Income, Migration Data



USD 105 School Enrollment

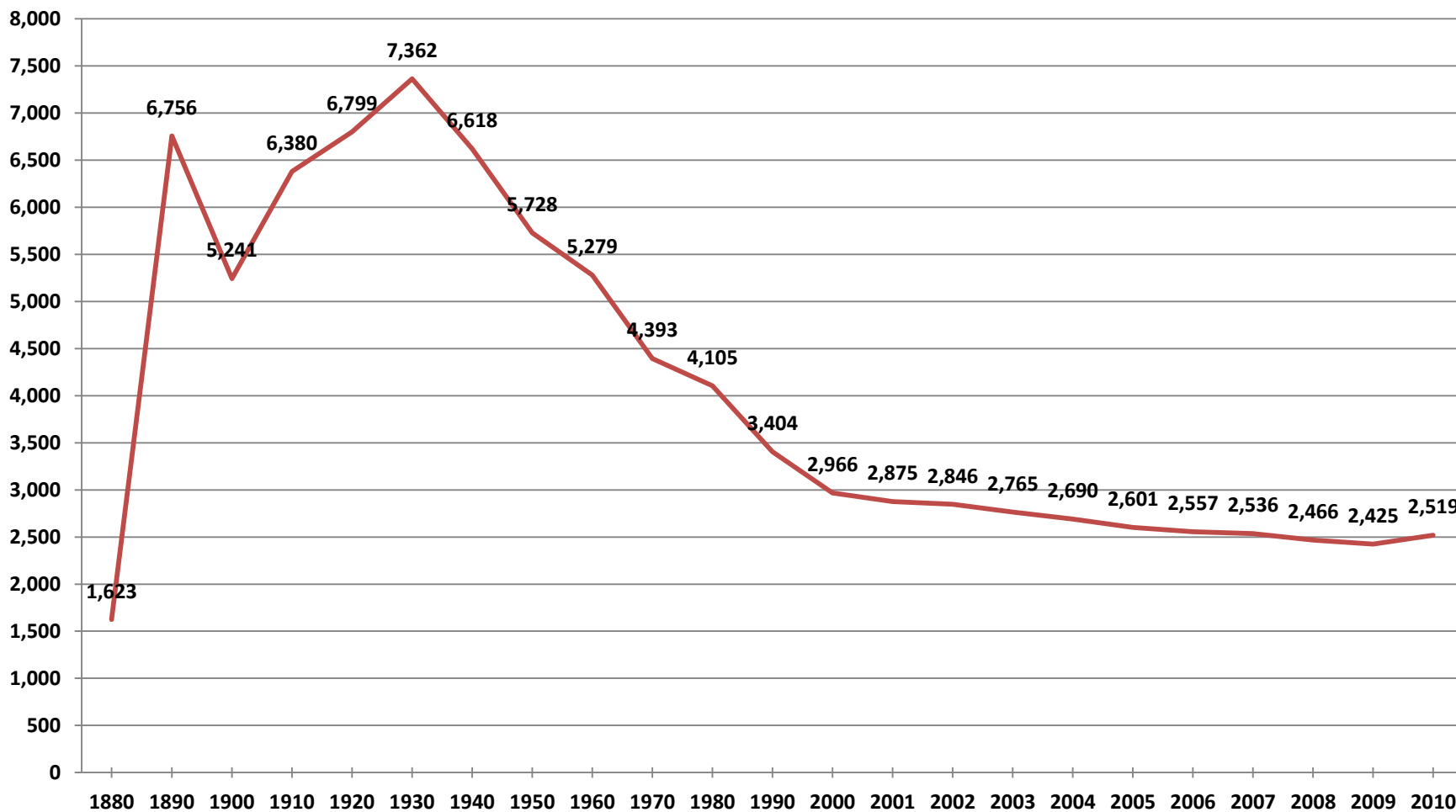
Rawlins County, Kansas



Source: Kansas Department of Education & Kansas USD 105, 2010



Historical Population Trend Line for Rawlins County, KS



Rawlins County, KS Wrap Up



Keys to Success

Community Reinvestment & Building

Smart People Attraction Strategy

Entrepreneur-Focused Economic Development

Community Philanthropy

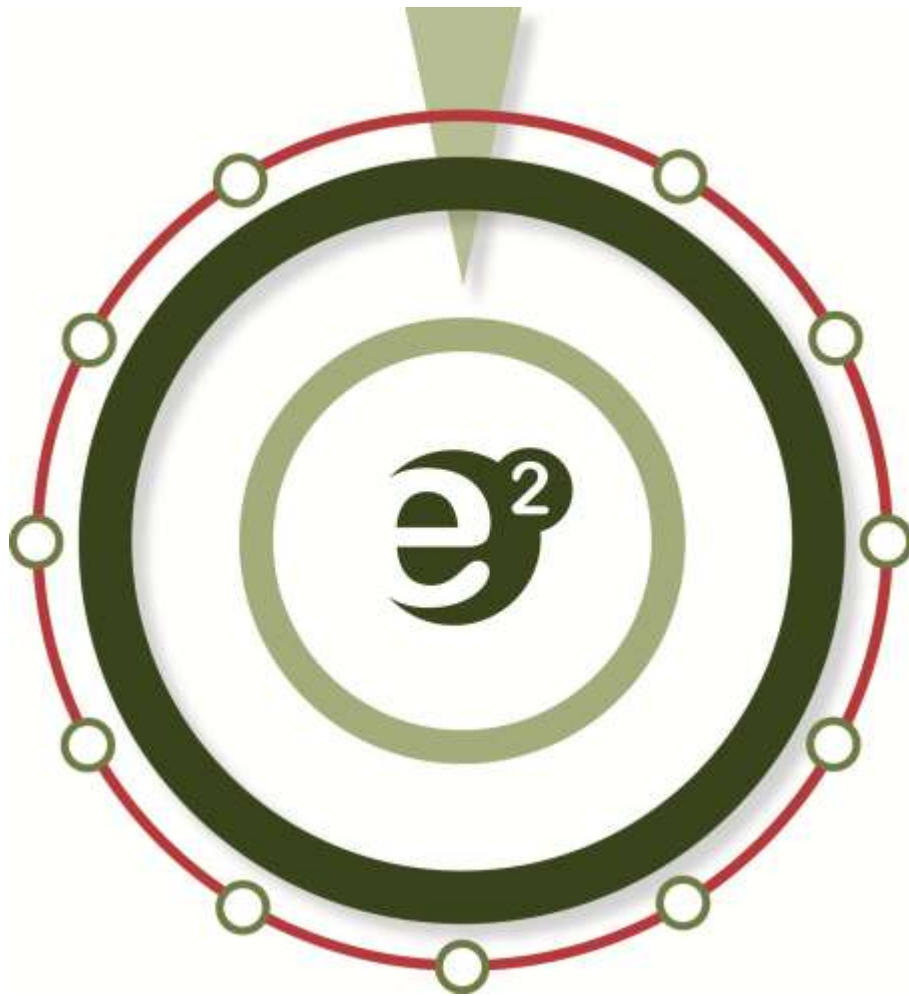
KFB Report – Search for Solutions, The Future of Rural Kansas





Keys to Success





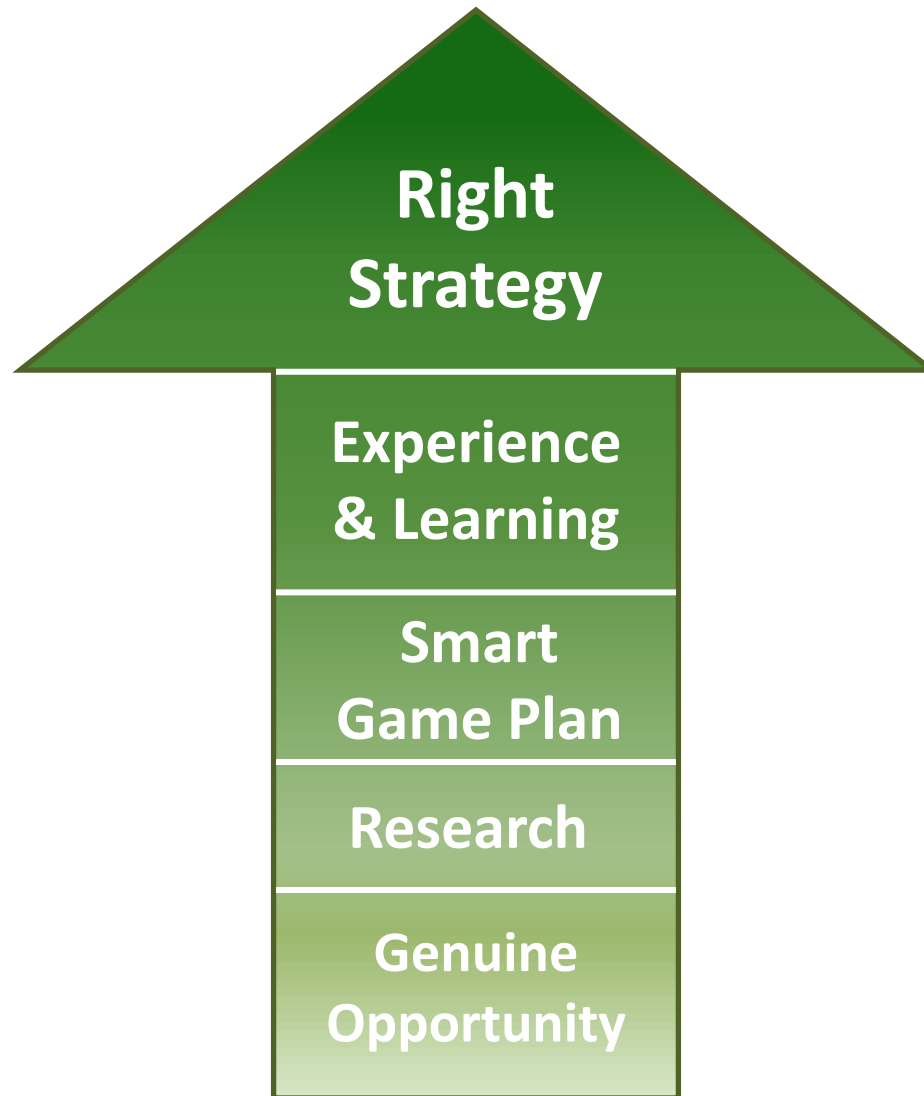
Smart Strategy

Strong Execution

**Robust
Capitalization**

Sustained Effort

Smart Strategy





Being Entrepreneurial



Jim Jenkins -- Callaway, Nebraska

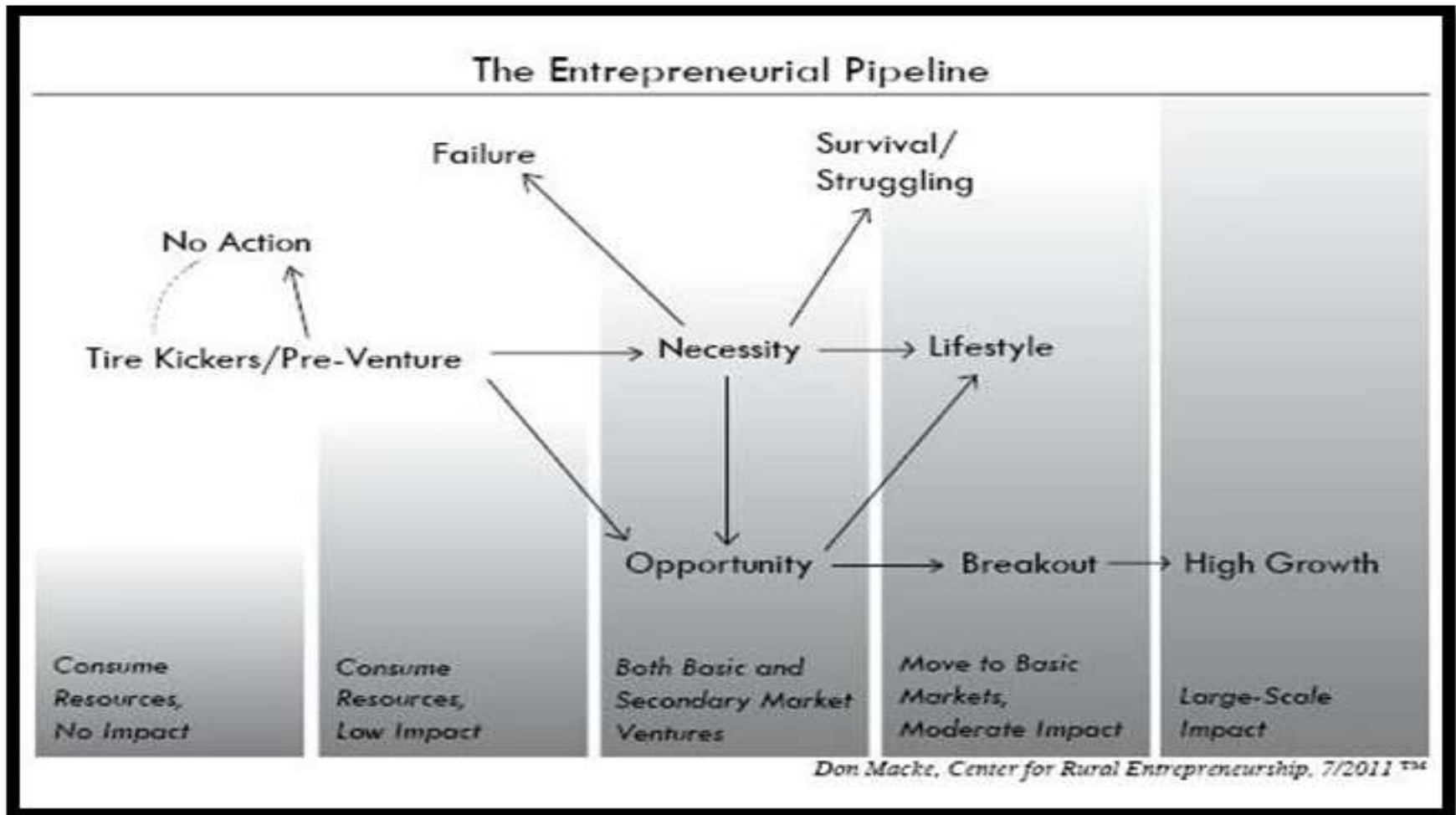
Meeting the needs of entrepreneurs is important – supply of counseling, capital and the like is essential.



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



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



Strong Execution



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



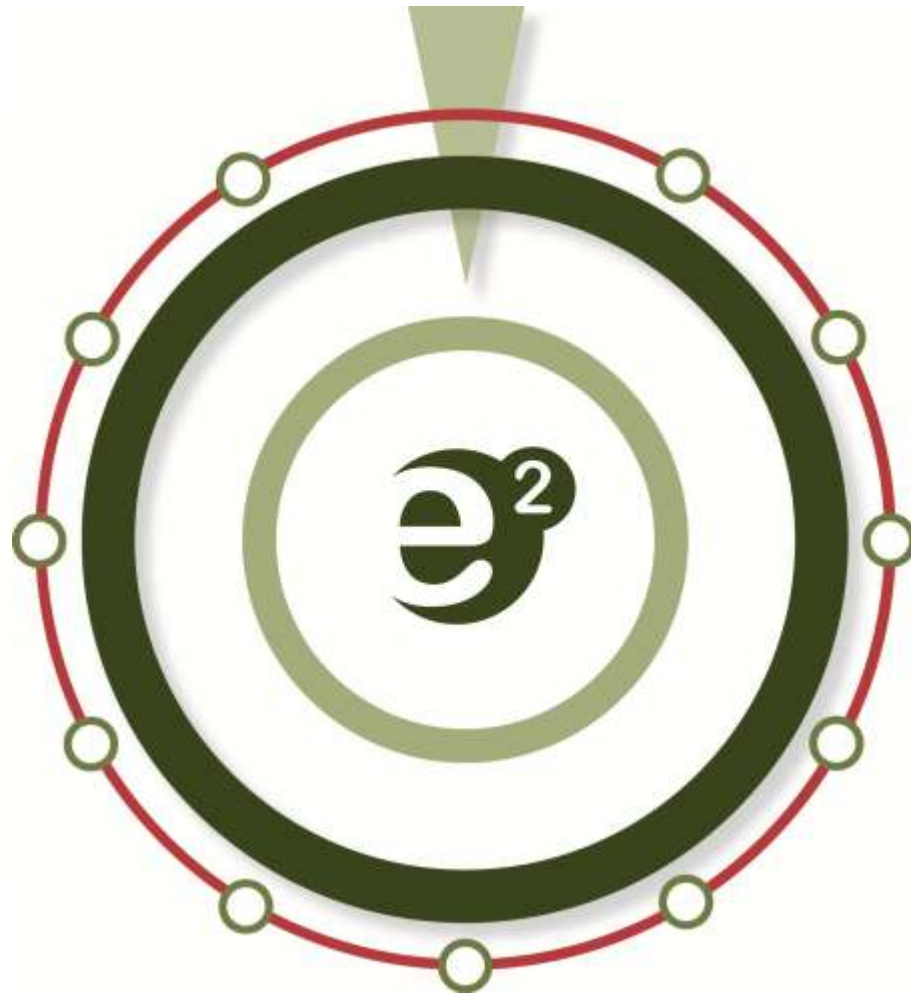
3-5 Years to Prove Up

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





Local Responsibility



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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