



Entrepreneurship Economy

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Agenda

1. Entrepreneurship Factoids
2. Opportunities in Public Policy

Entrepreneurship Factoids

HAIL TO THE JOB CREATORS:

From 1980–2005, firms less than five years old accounted for all net job growth in the United States.
Business Dynamics Statistics Briefing: Jobs Created from Business Startups in the United States, January 2009

Excluding startups, young firms—defined as one to five years of age—accounted for nearly two-thirds of job creation in 2007.
Where Will the Jobs Come From?, November 2009

While only half of new firms survive to age five, 80 percent of the jobs created by the firms survive five years.
After Inception: How Enduring is Job Creation by Startups?, August 2010

New firms in the United States have generated about 3 million new jobs every year, but recent cohorts have performed much worse, creating only 2.3 million jobs in 2009.
Starting Smaller; Staying Smaller: America's Slow Leak in Job Creation, July 2011

All studies can be downloaded at www.kauffman.org

Entrepreneurship Factoids

THE STARTUP PHENOMENON:

More than half of the companies on the 2009 *Fortune* 500 list were launched during a recession or bear market, along with nearly half of the firms on the 2008 *Inc.* list of America's fastest-growing companies.

The Economic Future Just Happened, June 2009

In 2010, an average of 0.34 percent of adults created a new business each month, equaling about 565,000 new businesses per month.

Kauffman Index of Entrepreneurial Activity 1996-2010, March 2011

Firm formation in the United States is remarkably constant over time, with the number of new companies varying little from year to year.

Exploring Firm Formation: Why is the Number of New Firms Constant?, January 2010

If 30–60 more new billion dollar firms were launched each year, it would permanently increase the U.S. GDP by one percentage point.

Inventive Billion Dollar Firms: A Faster Way to Grow, December 2010

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Entrepreneurship Factoids

THE DEMOGRAPHICS:

Contrary to popularly held assumptions, the highest rate of entrepreneurial activity belongs to the 55–64 age group over the past decade. The 20–34 age bracket has the lowest.

The Coming Entrepreneurship Boom, June 2009

Most high-tech founders come from middle-class or upper-lower-class backgrounds, are well-educated, and married with children.

The Anatomy of an Entrepreneur: Family Background and Motivation, July 2009

Despite the fact that about 46 percent of the workforce and more than 50 percent of college students are female, they represent only about 35 percent of startup business owners.

Overcoming the Gender Gap: Women Entrepreneurs as Economic Drivers, September 2011

Fifty-four percent of the nation's Millennials either want to start a business or already have started one.

Young Invincibles Policy Brief, November 2011

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Entrepreneurship Factoids

SHOW THEM THE MONEY:

Only 16 percent of the fastest-growing and most successful companies in the United States had venture investors.

Right-Sizing the U.S. Venture Capital Industry, June 2009

External debt markets are increasingly important to startups as they age, providing nearly 67 percent of financing in 2008 compared to 40 percent in 2004, their first year of operation.

An Overview of the Kauffman Firm Survey: Results from the 2004–2008 Data, May 2010

According to 2007 data, new businesses have a higher propensity to use websites (51.5 percent compared to 24.8 percent of all firms) and to sell online (26.8 percent compared to 6.0 percent of all firms), thus impacting capitalization and longevity.

Casting a Wide Net: Online Activities of Small and New Businesses in the United States, October 2011

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Entrepreneurship Factoids

THE IMMIGRANT FORCE:

In 2010, the immigrant rate of entrepreneurial activity—0.62 percent—was substantially higher than the native-born U.S. population—0.28 percent.

Kauffman Index of Entrepreneurial Activity 1996-2010, March 2011

More than a quarter of technology and engineering companies started in the United States from 1995 to 2005 had at least one key founder who was foreign-born.

Education, Entrepreneurship, and Immigration: America's New Immigrant Entrepreneurs, Part II, June 2007

Foreign nationals residing in the United States were named as inventors or co-inventors in 25.6 percent of international patent applications filed in the U.S. in 2006.

Intellectual Property, the Immigration Backlog, and a Reverse Brain-Drain: America's New Immigrant Entrepreneurs, Part III, August 2007

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GOVERNMENT AND THE RECOVERY:

Fifty-eight percent of respondents say the government should do more to encourage individuals to start businesses, and 35 percent think the laws in America make it more difficult to start a business.

Kauffman Foundation Survey of Entrepreneurs, September 2009

Seventy-one percent of entrepreneurs do not expect to create new jobs in 2010. More than one-third say it is because the economy has taken a toll on their business.

Poll on Entrepreneurship, January 2010

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Opportunities in Public Policy

1. Simplify all the burdens of creating and maintaining a business;
2. Level the Tax treatment of riskier investments – public debt and other non productive activities are preferential;
3. There is a need for more analytical capabilities overall – if we are to truly think of global markets;
4. There is a need/role for “early adopters” (the public sector) for the start up community;
5. Soft Monies need to be understood, leveraged and put to work strategically – they are scarce!
6. Make VC laws more flexible;
7. Understand and promote good governance and institution building, the by-products will be transparency, thoughtful debate and trust.

Thanks!