

Entrepreneurship 101

Part 1

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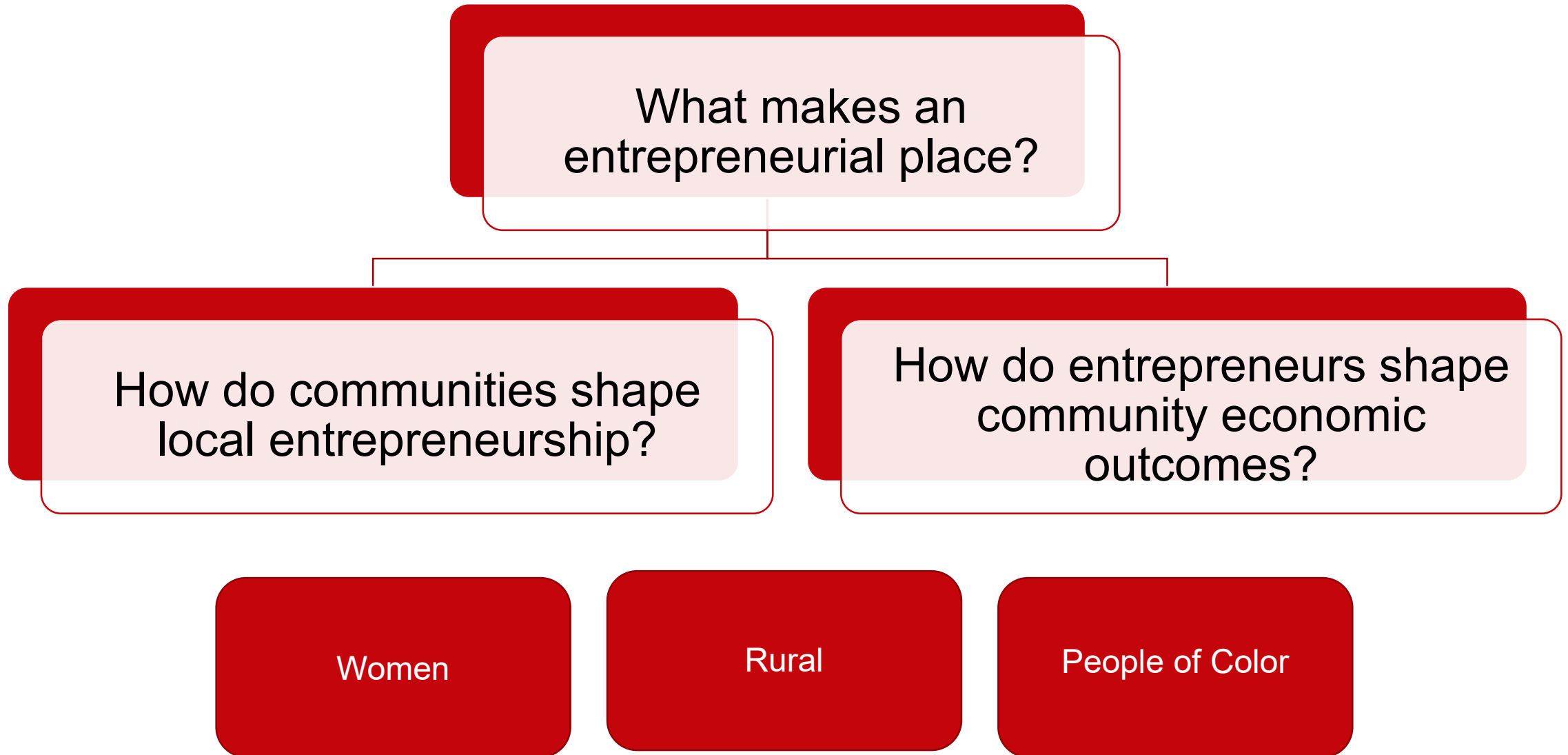
University of Wisconsin-Madison



About Me



Approach



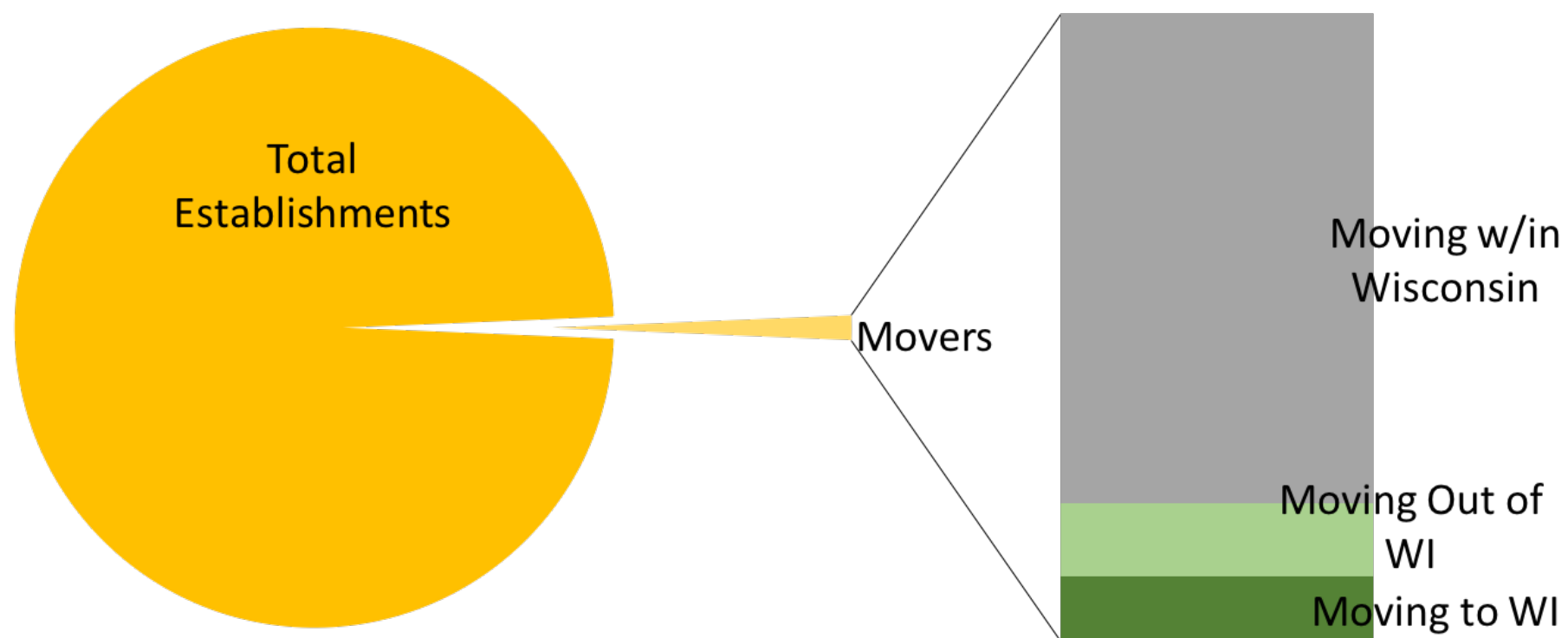
Why Entrepreneurship?

Entrepreneurial support can sustain (rural) economies.

- Better than conventional strategies.
 - Business Recruitment.
- Offers many economic benefits
- Builds on a rural asset.
- Network strength defines highly entrepreneurial regions.



The Composition of Migration in WI 2011



Benefits of an Entrepreneurship

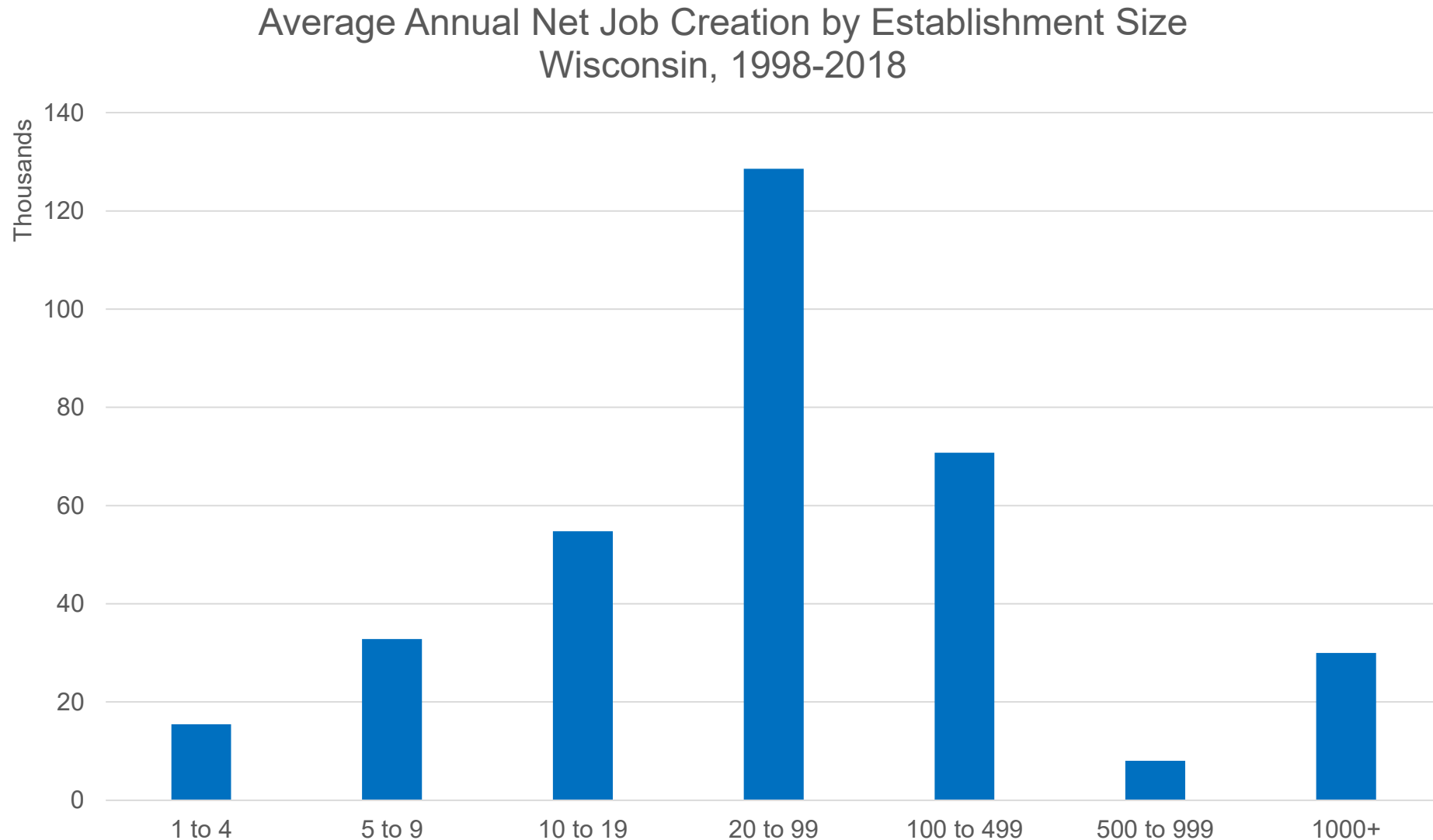
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- **Job Creation**
- Income Growth and Poverty Reduction
- Regional Diversity and Stability
- Innovation
- Sense of Community



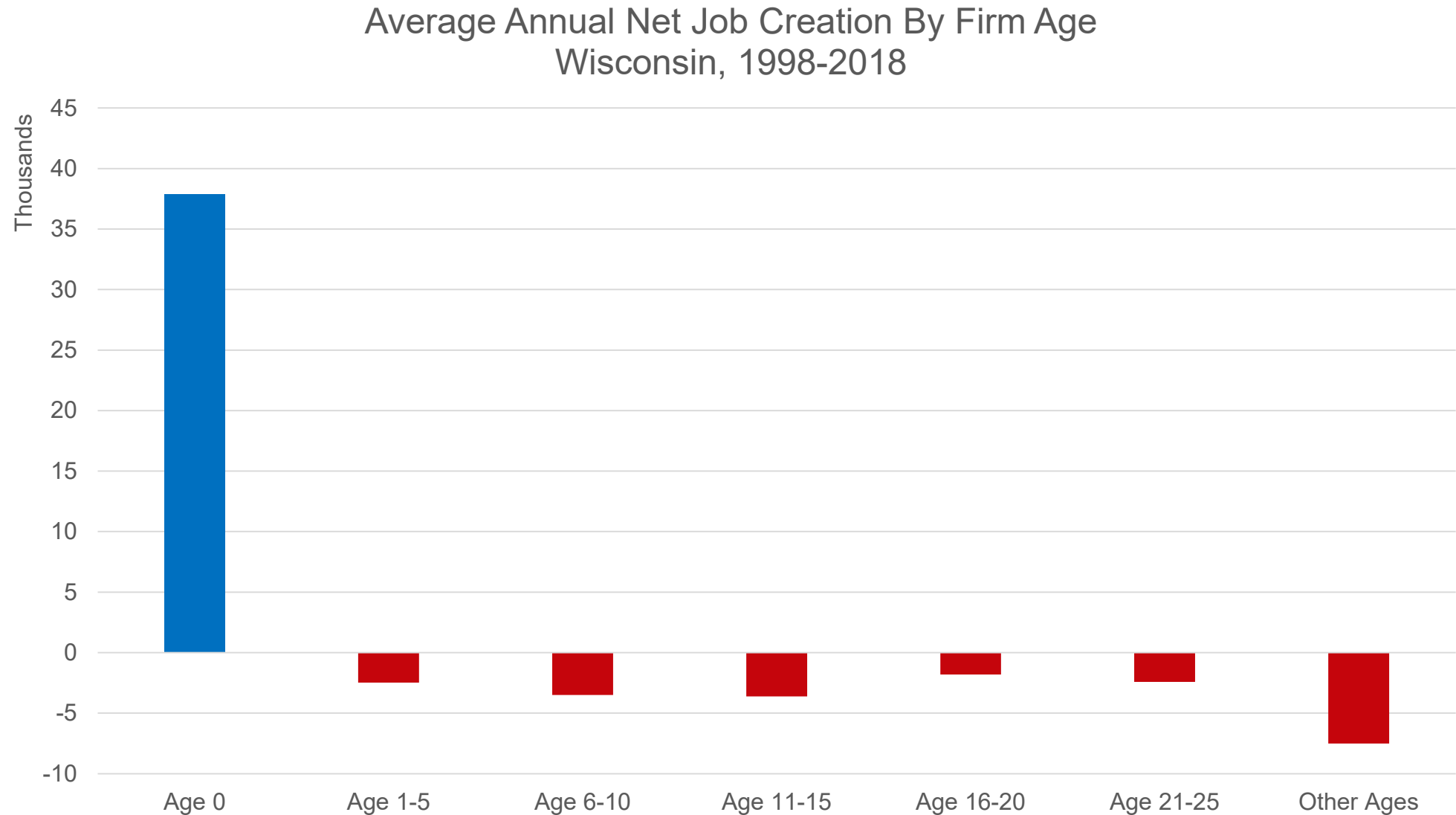
Entrepreneurs create jobs.

- A disproportionately large share of new jobs come from new businesses.
- On net, existing firms tend to lose jobs.
 - $\text{Expansions} < \text{Contractions} + \text{Closures}$.
- We used to think of small businesses as job creators.
 - Rather new and young firms are key.
 - New businesses happen to be small.
- We had a relatively slow jobs recovery, especially in rural areas.

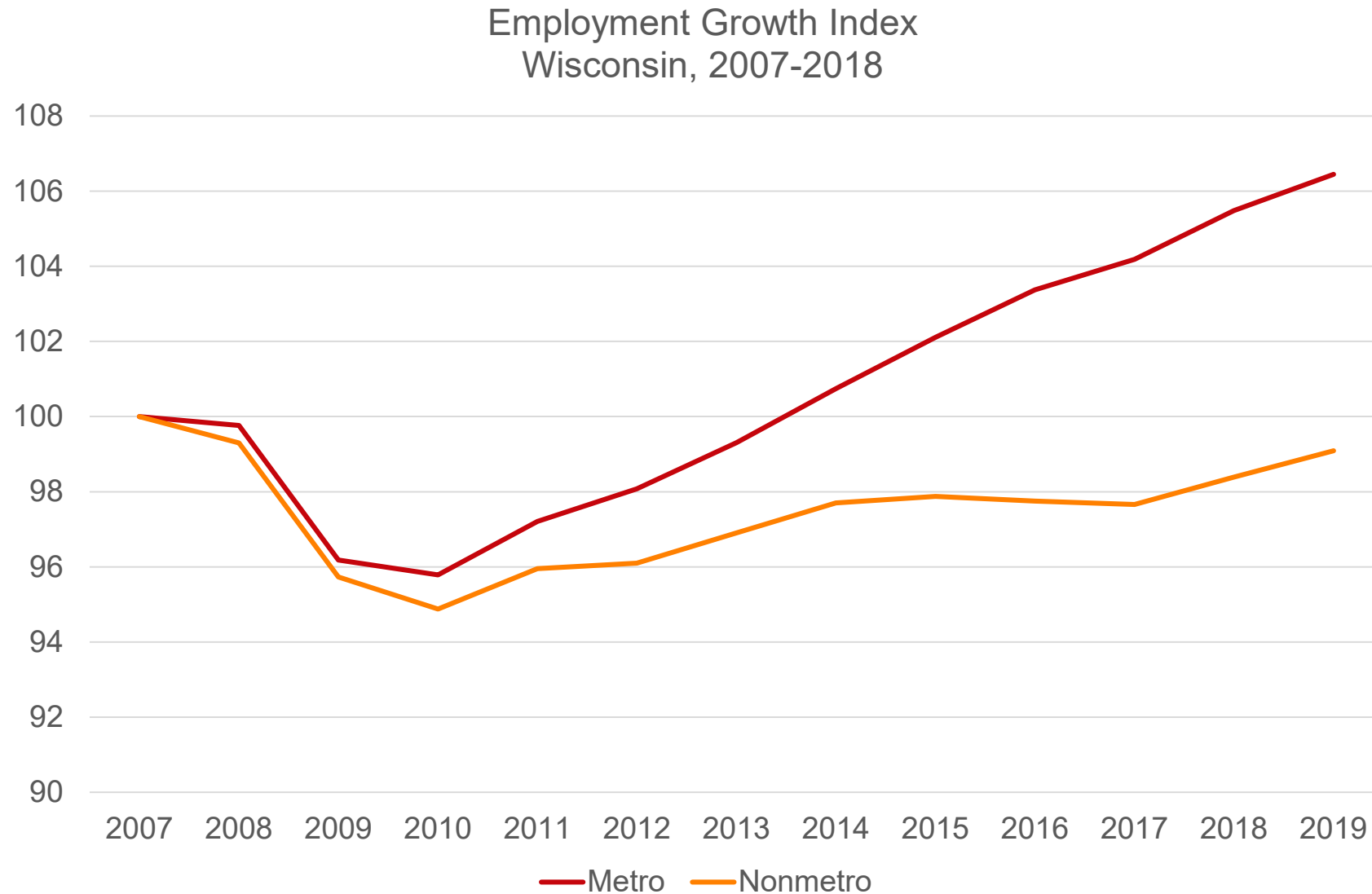
Small versus new businesses.



New businesses drive job growth.

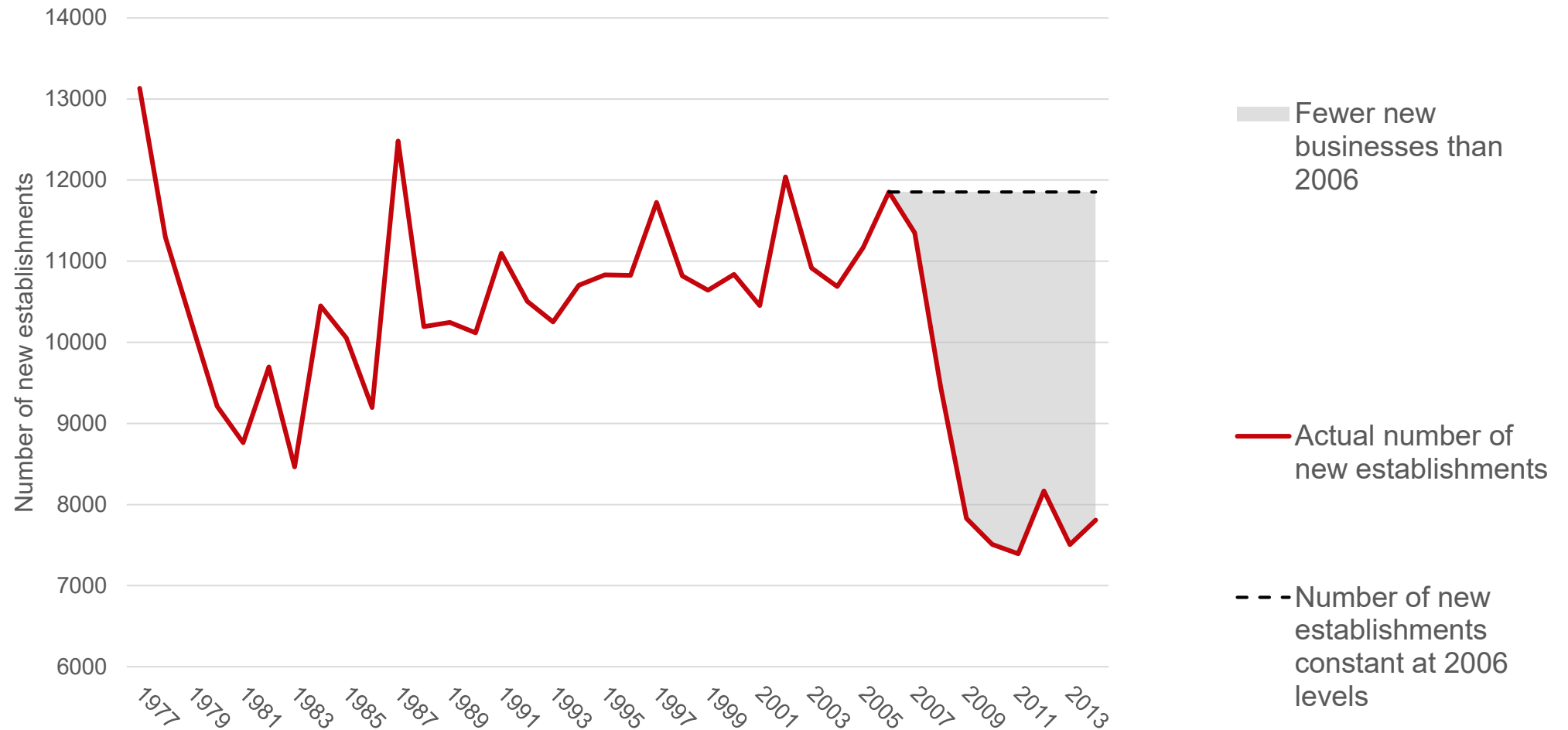


Rural WI has lagged in job growth.



“Missing” businesses amount to slow job growth.

Number of New Businesses in Wisconsin Each Year



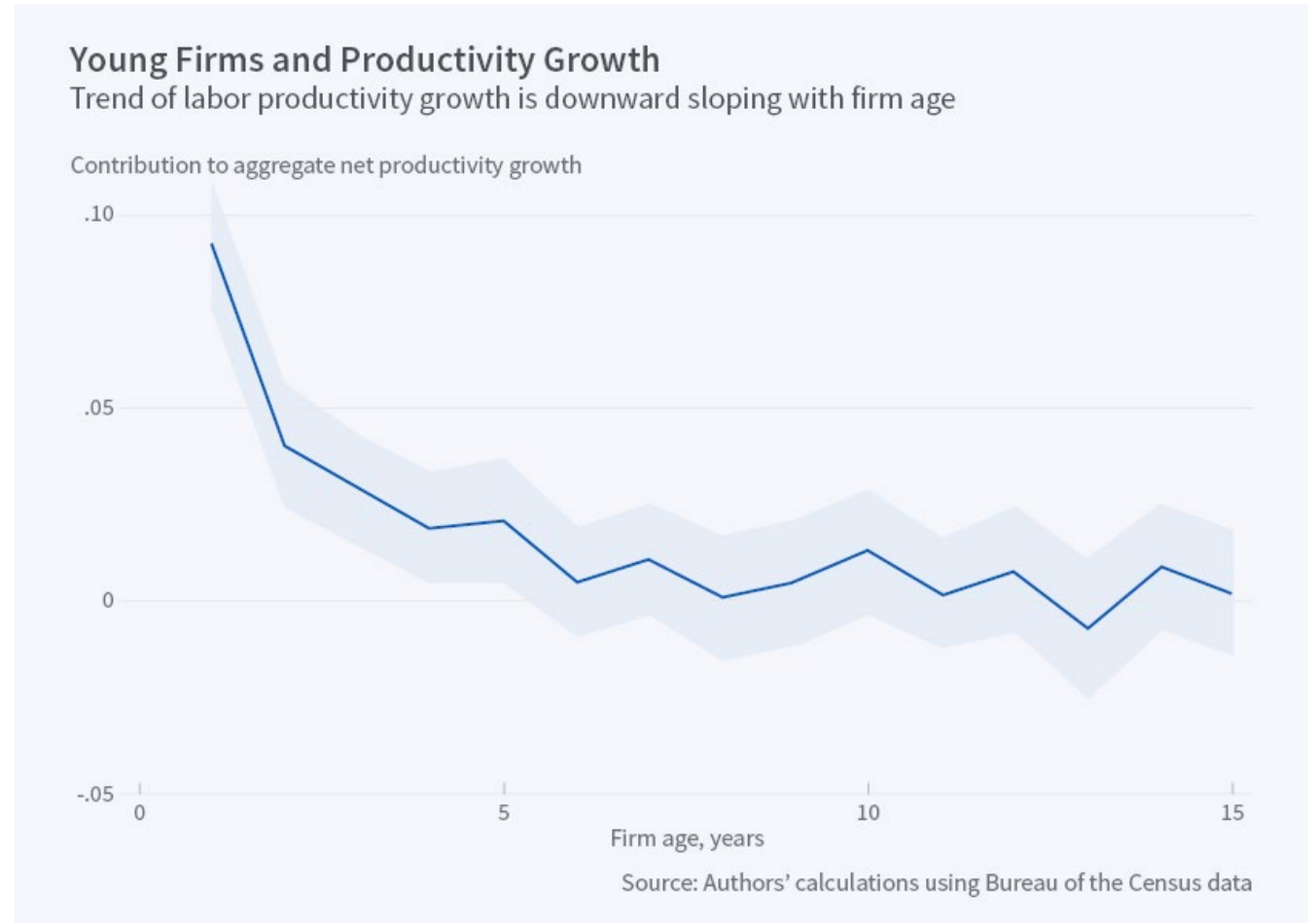
Income Growth and Poverty Reduction

- Countries with more entrepreneurship have higher GDP.
- Regional Results:
 - Rural and urban income growth.
 - Rural poverty reduction.
 - Ex. Appalachia
- Helping low income individuals become self-employed can help them out of poverty and reduce the need for welfare.



Productivity Growth

- Young firms contribute more to productivity growth.
- Competitive pressure on older businesses.



Local Sense of Community



- Small businesses...
 - Create and support local amenities.
 - Provide specialty services.
 - Sell culturally-specific goods.
 - Give communities charm and unique character.

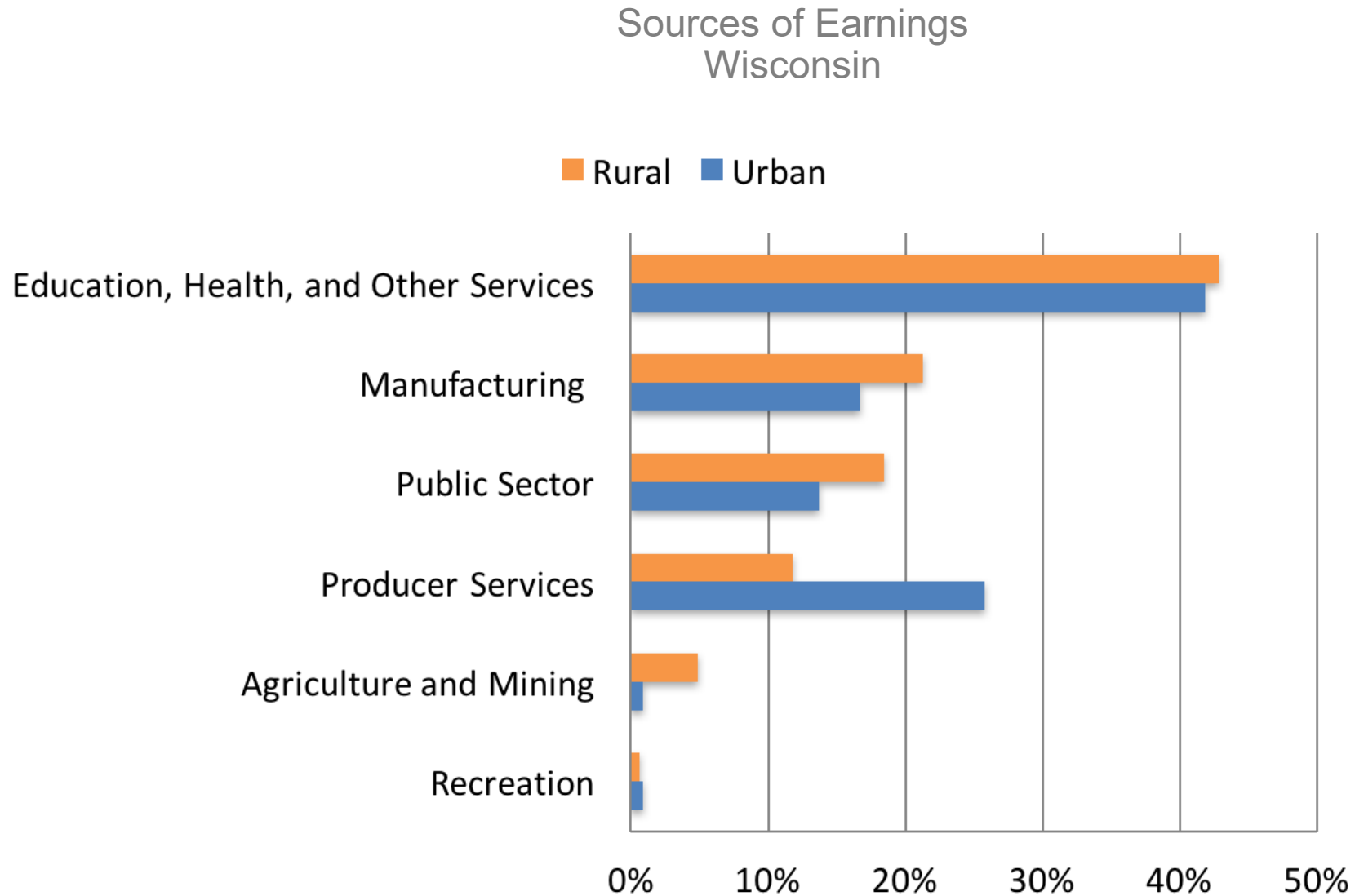


Regional Diversity and Stability

- Over time some businesses will close, others will do quite well.
- Relying on one industry can leave a region vulnerable.
 - Portfolio approach to economic development.
- Diversity is key to creating stable local economies.
 - Less vulnerable to the fluctuation of any one industry.
- Household stability?

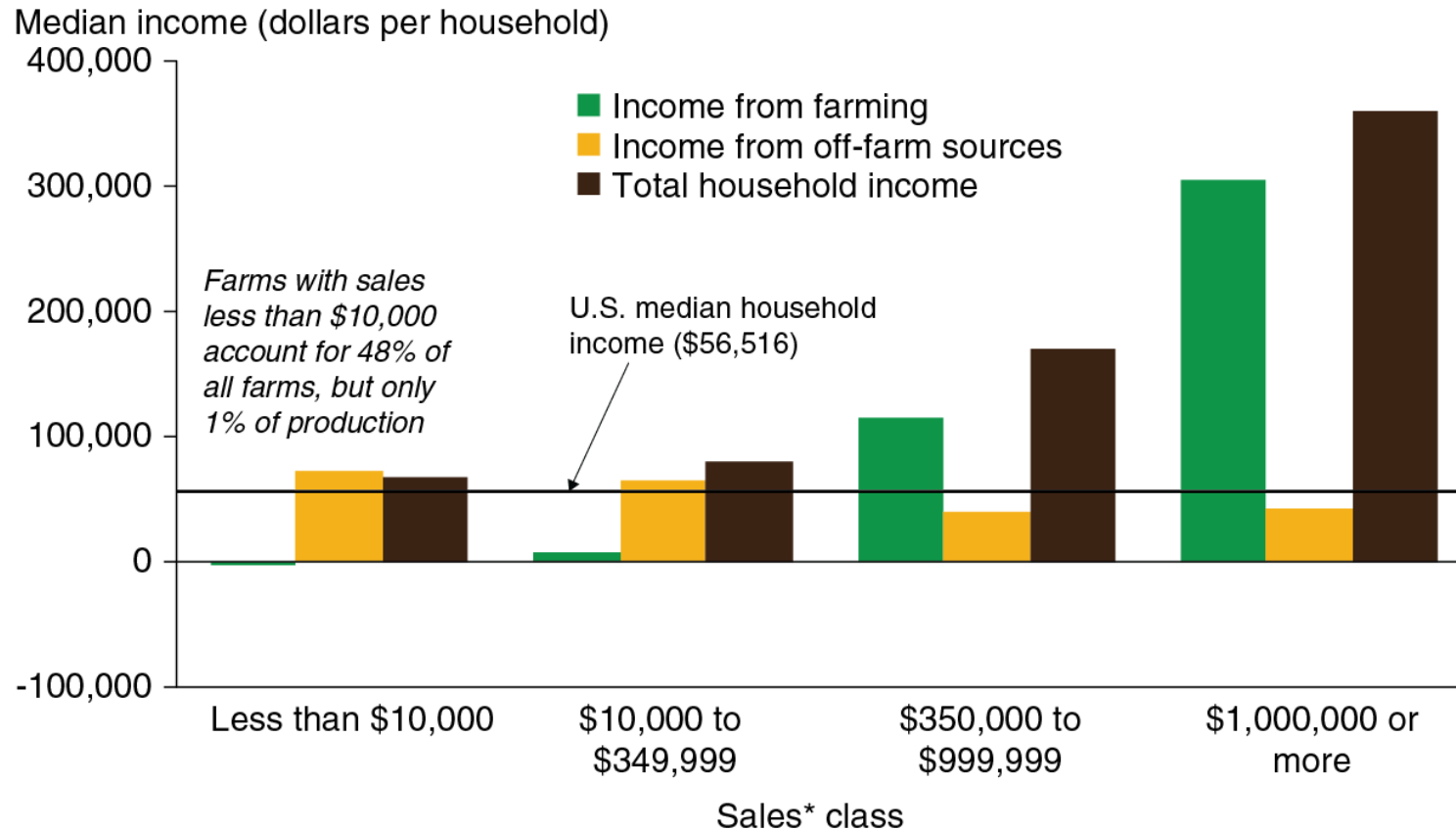


Rural Economies are Diverse



Entrepreneurship is a source of off-farm income.

Households operating larger family farms get more of their income from farming



*Sales = Gross cash farm income (the sum of the farm's crop and livestock sales, Government payments, and other farm-related income).

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey and U.S. Census Bureau, *Current Population Reports*. Data as of November 30, 2016.

Regional Diversity and Stability

- Household stability?
- Women entrepreneurs more likely to view their business as a source secondary income.
- Women entrepreneurs spend more time on childcare.



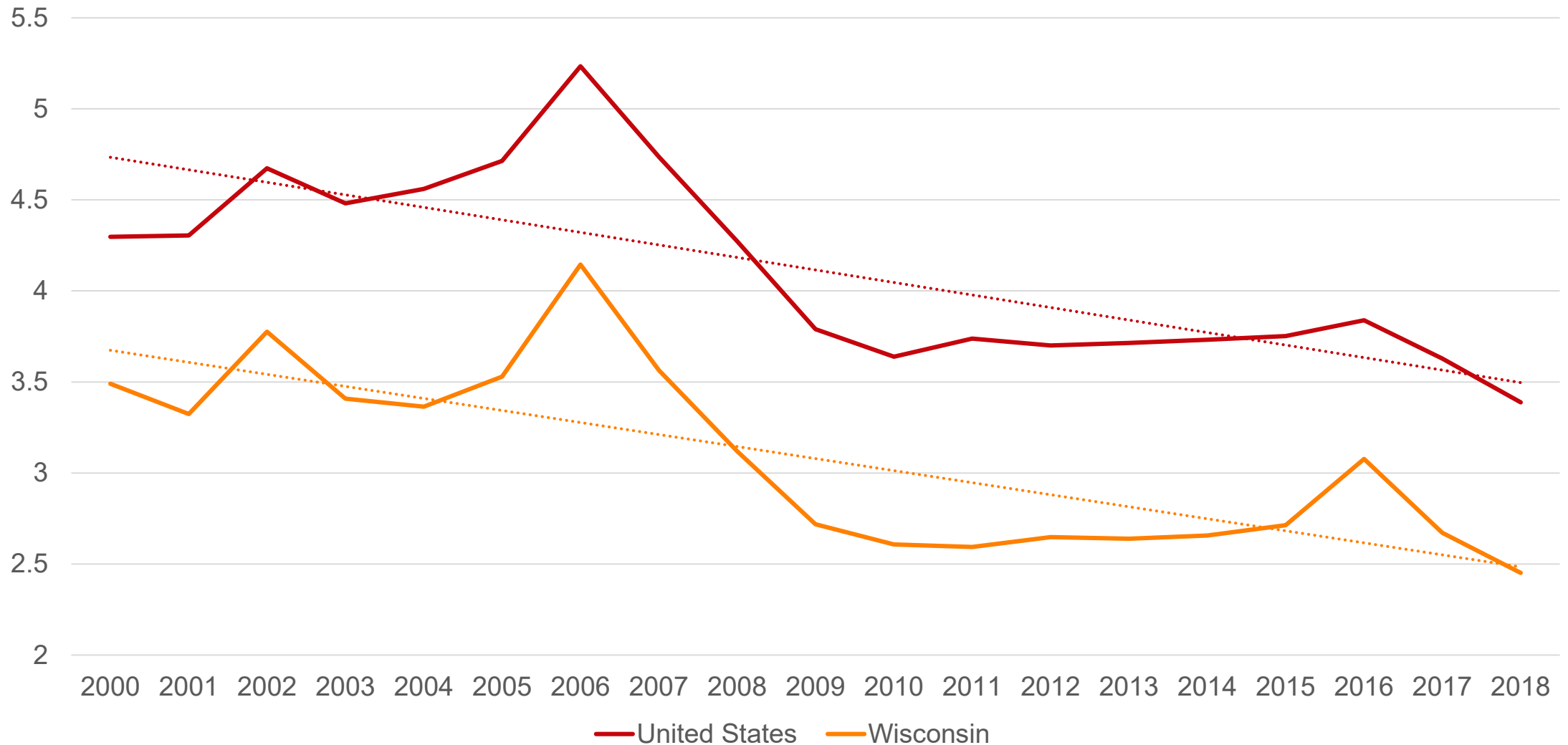
Innovation

- Innovation leads to processes, products, and services that increase variety and replace existing technology.
- Consumers benefit from many choices to suit their needs.
- Businesses are responsible for the majority of research & development spending.



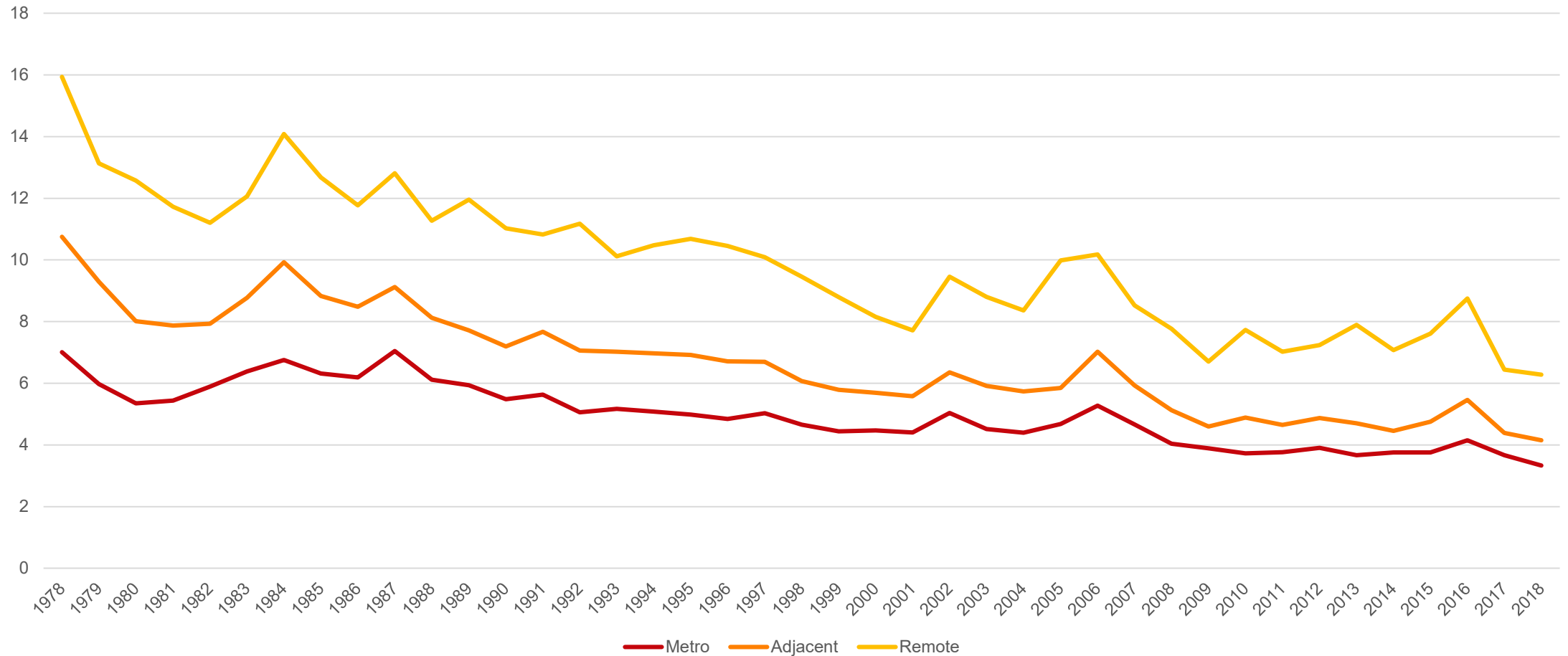
Declining Start-Up Rates

Establishment Births per 1000 Employees

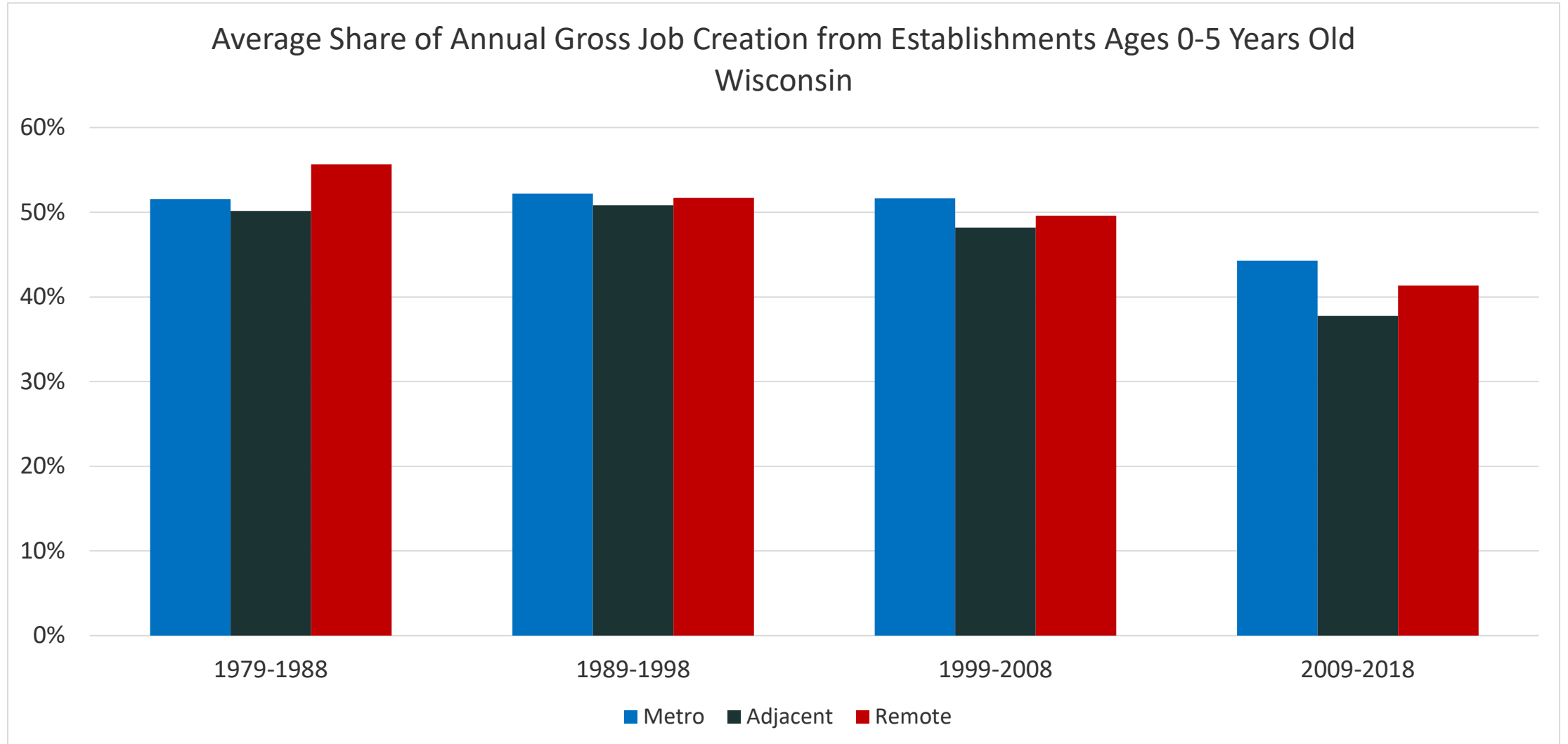


...but relatively high among rural areas.

Establishment Entry Per 1000 Employees by Rurality
Wisconsin



Job Creation in New and Young Firms

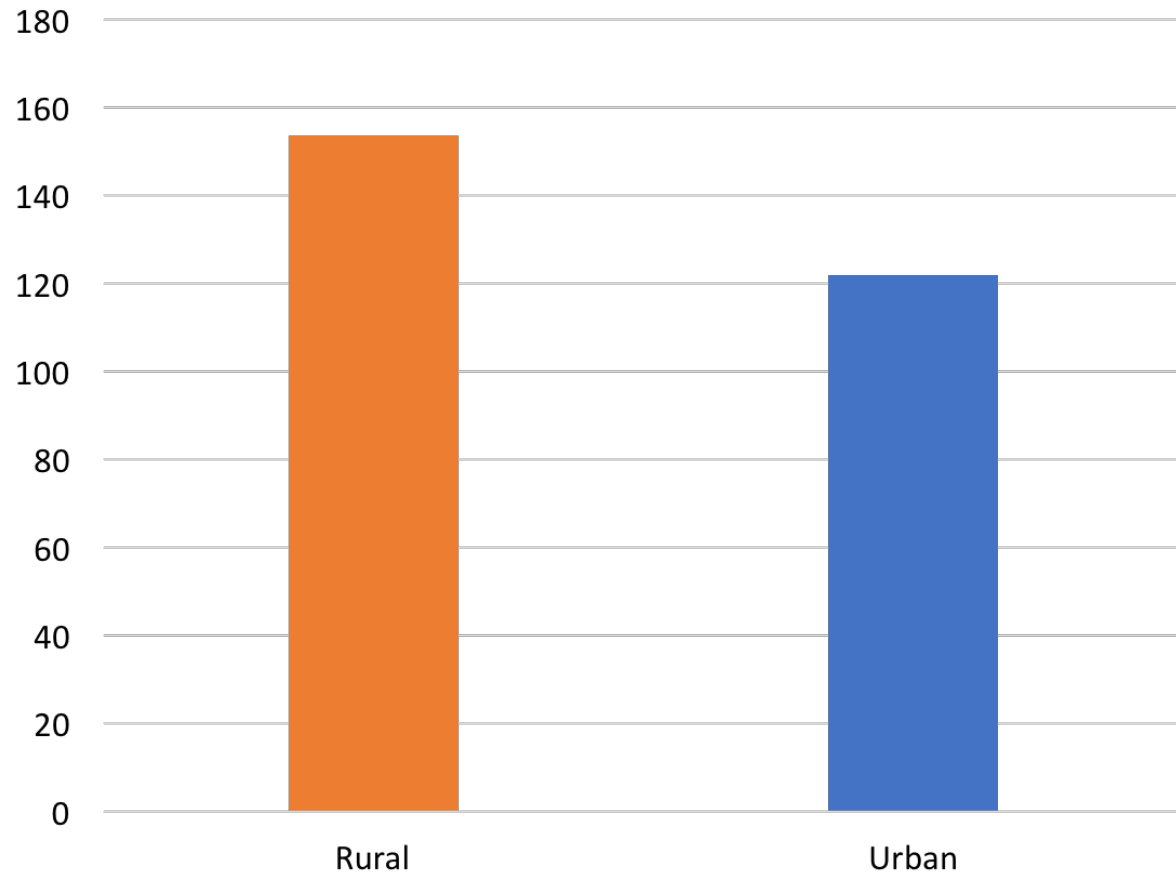


Asset-based and Equitable

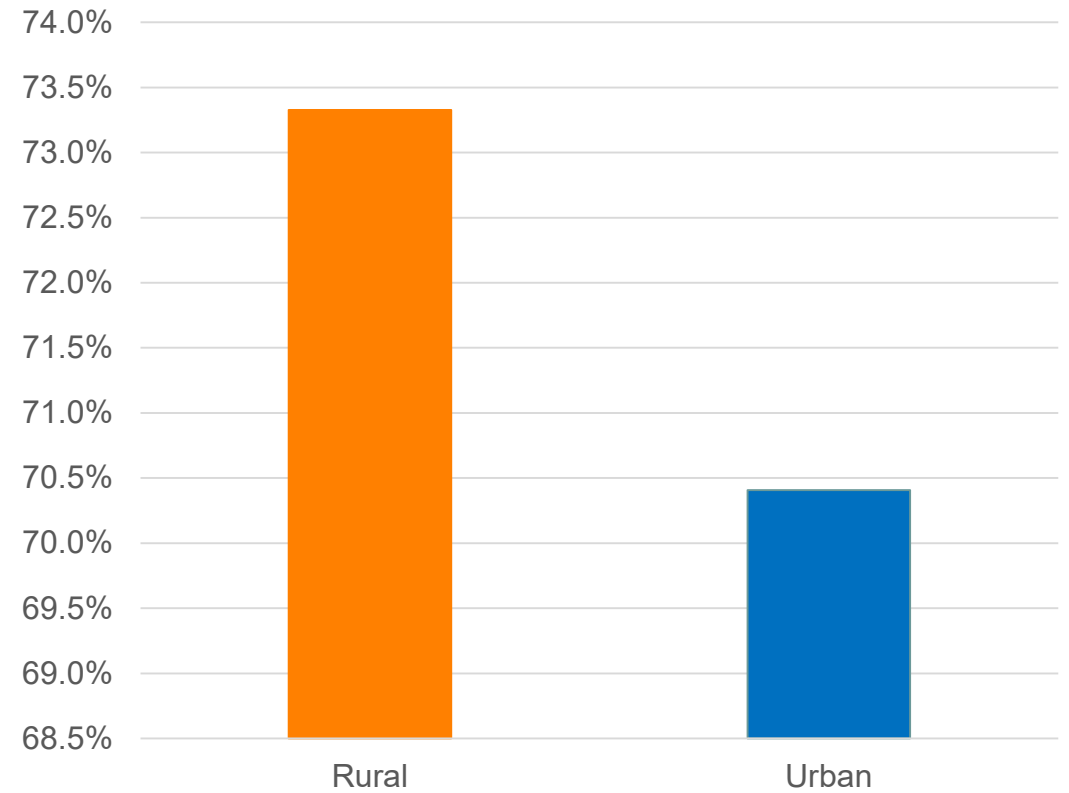
- Opportunity to focus on rural assets.
 - High rates of proprietorship.
 - High rates of survival.
 - Build social capital with supportive networks.
- Opportunity to enhance opportunity equitably.
 - Diverse industries.
 - Strategies that benefit entrepreneurship for small and rural start-ups.

Rural Areas Are (Surprisingly?) Entrepreneurial

Proprietorship Per 1000 Residents,
Wisconsin, 2017



Five-Year Business Survival Rate
Businesses Born 1990-2007
Wisconsin





A program for key community members to strengthen the entrepreneurial network.

Participants will...

- Learn why entrepreneurship is important for the local economy.
- Recognize the diversity of entrepreneurs in the community.
- Understand how they are part of the entrepreneurial network and how they can support local business owners.
- Identify strategies to grow and strengthen the entrepreneurial network.



Happy to take questions or discuss these topics some more!

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