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Micro-lending program

September 1, 2010

Over several months Georgia Southern University’s Center for Entrepreneurial Learning and Leadership has been exploring the development of a micro-lending program; especially how such a program might work at a University. The focus has been to establish a micro-lending fund for entrepreneurs (both student, graduate and local) at Georgia Southern University in Statesboro. The concept is to provide small loans ($2,000-$15,000) to help establish businesses where the prospective entrepreneur does not have collateral and may not have a good credit rating. The loans are designed to support links between entrepreneurs and the University, as well as, to be focused on distressed rural locations.

The Center has conducted research on micro-lending (micro-finance) programs that are linked to Universities and particularly entrepreneurship centers. This research concluded:

- In theory a University foundation can administer a fund from a legal and governance standpoint
- A number of universities in the US have had micro-lending funds targeted at inner city entrepreneurs.
- MBA entrepreneurship students are sometimes used to administer the fund, as part of their learning experience
- Universities that have been successful have partnered with a local credit union to help administer the funds
- Most funds are started with around $60,000, which is usually donations from alumni
- At one University there was an equity seed capital fund and they found a greater need for small grants and no interest loans. Once again money came from alumni donations.
- Another US University tended to have micro grants for students, again funded by an endowed gift from a parent of a student. The same university also has’ runway’ loans which are a bit larger (up to $25k), these are no interest loans which are tied to cash flow. Once principle is repaid there is an automatic gift agreement, the university gets 1% of revenues until they sell the business and a commitment of 1% of the sale price of the business.
- A third university proposed contributions from alumni, students, parents and supporters but the idea of a $2 addition to student fees was not attractive.
- Loan payments on principal and interest are usually recycled back into the fund
- Any fund needs a clear philosophy for eligibility (e.g. geographic location of enterprise or just a student of particular institution – at what point after graduation is too late?)

A further study carried out on the administrative aspects of a micro-lending highlighted that a university would:

- Need to consider fund collection and orchestration. Key issues include: Size and unit of loans, critical mass of funds, programming for growth of businesses and fund, loan placement practices, returns of loans and interest, growth and reuse of funds.
• Need oversight procedures: advisory board, audits, approval mechanisms, recipient tracking and delinquency handling
• Need processes: applications; review approval; documentation; repackaging; repayment collections; operational reviews.
• Need repayment processing methods: software; adaptation; learning; loan setup; statements; payments; arrears notices; and, reports.
• Need to consider confidentiality agreements for students working on due diligence
• The default rate could be as high as 25%-35%

When we started to develop our own proposals for a fund we made the following conclusions.

• The fund will need to be not-for-profit
• Most institutions will have foundations that will allow them to govern such funds and there is evidence of these working in other parts of the US.
• Partnering with a bank or a credit union is essential for the fund to be properly administered.
• $40,000-$200,000 should be enough to start a fund; the source could be government grants or alumni gifts.
• Students and local entrepreneurs will need small loans with low or no interest (typically $2,000-$15,000 at 5-10% interest)
• It is possible to innovate by providing low or no interest loans tied to future gift agreements to the University.
• The operational aspects of managing a micro-finance fund should not be underestimated. These include loan orchestration, oversight, application processes and repayment processing methods. All of these suggest that we would need to partner with a bank or credit union.
• The philosophy for the program would be both educational and practical. Students would need to be involved in the decision making process, student and graduate entrepreneurs as well as local entrepreneurs would be the recipients and it would need to have a focus on distressed areas.
“If you have ten thousand regulations you destroy all respect for the law” (Winston Churchill). Having just completed, or should I say having had a tax accountant complete, my first ever US tax return this statement by Churchill came oddly to my mind. I have to confess and to my surprise the US tax system is far crazier and more complex than the UK one, which seems somewhat ironic given that you originally ‘rebelled’ to avoid tax (okay may be you wanted representation to). Filling in my tax return made me begin to consider the role of regulation in entrepreneurship; especially now that we have moved away from the Regan/Thatcher inspired de-regulation era. As a ‘Professor of Free Enterprise’ and a British citizen, a country which is far more socialist than this country, this is actually a challenging question: where do I stand on the role of government regulation in entrepreneurship? Do I like the idea of ‘no regulation’ or ‘low regulation’ or will my British background lead me to accept ‘greater regulation’?

The truth is the ‘de-regulation versus regulation’ argument has always been a false debate. It is not whether we should regulate or not that matters; it is whether the regulations we have or want to introduce meet the needs of our society. For me it is whether particular regulations help or hinder entrepreneurial activity or whether regulations help or hurt small businesses. ‘Better’ regulation is really the only game in town and of course the problem is that everybody disagrees about what ‘better’ is. Some areas of regulation truly help entrepreneurs. For example, the US has probably the strictest intellectual property laws in the World and in contrast China is de-regulated. Strict rules on intellectual property are supportive because they allow entrepreneurs and investors to protect new innovations, invest in them and bring them to society. In contrast lax regulation here damages the potential for new products to get into the market because the investment is not warranted if the commercial potential is damaged by copycats. Highly regulated competition policy is also supportive of entrepreneurship. Aggressive actions to prevent large monopoly style conglomerates dominating markets (AIG anybody?) is sometimes needed to allow ‘niches’ for more innovative companies to enter and improve on what is currently provided (and of course market domination can lead to exploitation, arrogance and mismanagement). Likewise ask any food company using peanut butter in their products whether the strong application of FDA rules would be a good thing or not. The answer is likely to be yes – because it protects the majority of well run small businesses from the fallout when some less well run businesses do something that damages the entire industry.

Inevitably, there are also bad regulations. We know for example that the ‘compliance cost’ of regulation hits small firms harder than other businesses and, therefore, keeping regulations simple is good for entrepreneurial activity (and where current tax regulation does a poor job). Low company taxation is also usually associated with higher rates of entrepreneurial activity – but it would be no good having these taxes so low that a society could not afford appropriate infrastructure because all small businesses need roads.

So how is the new administration doing on regulation and what does it need to do? The answer is fairly mixed. Some existing regulation needs to be applied much more rigorously with the
Some systems of regulation need a major overhaul, for example, the complexity of the tax system for small firms, but there is yet to be any sign that this will happen. It is, however, encouraging that the administration is willing to face up to the problems of the health care system and this may lead to positive outcomes for small firms. But clearly at this point more focus needs to be given to the role and value that small businesses and entrepreneurship might have in a recovery. The recent announcements expanding SBA loan criteria may be positive but these are currently insufficient to have a major impact on entrepreneurial activity. It would have been better to use the money to establish publically backed Regional Venture Capital Funds (RVCFs) across the US that invest public money for public return in the well known equity gap where new entrepreneurial start-ups find it difficult to raise cash ($500,000 – $1m). Such funds invest in equity and build on themselves as businesses become successful and are used already in other developed nations. It would also have been better to establish a network of ‘micro-credit’ agencies investing in graduate led ventures from our universities ($10,000-$50,000) or indeed allowing student loan waivers for graduates who want to be entrepreneurs. In answer and really agreement with Churchill then – give us ten thousand regulations if you must but make them simple and useful.
William A. Freeman Memorial Lecture 2010

September 1, 2010

The William A. Freeman Memorial Lectures Series is an annual event where Georgia Southern Alumni come and speak about their success as entrepreneurs.

The William A. Freeman Memorial Lecture Series is named in honor of Mr. William A. Freeman, a 1957 graduate of Georgia Southern University. He was the president, director, and chief financial officer of Watkins Associated Industries in Atlanta as well as the president and general managing partner of Wilwat Properties.

Mr. Freeman endowed the William A. Freeman Distinguished Chair of Free Enterprise in the College of Business Administration, which brings world-class scholars to campus and the Freeman Business Scholars Program, which provides full, four-year scholarships for business majors.

Jimmy Childre, Jr. delivered his speech, “Keys to Leadership: Knowing what your product is and who your customers are.”

Mr. Childre is President of Childre Ford-Mercury, Inc. and CEO of the Washington County Regional Medical Center.

He received his BBA in accounting from Georgia Southern University in 1976 and has since graduated from several executive graduate programs including, earning a Global Executive MBA and a specialized certification in Health Sector Management from the Fuqua School of Business at Duke University. Mr. Childre was 25 when he founded his company in 1980.
Entrepreneurship in the Early Clock Industry

September 1, 2010

Bob Schwartz one of the Center for Entrepreneurial Learning and Leadership’s Entrepreneurial Fellows has had a research article recently published in the Journal of Research in Marketing & Entrepreneurship (Vol. 12, No. 1). The paper was entitled “Entrepreneurship and the Early American Clock Industry” and was with co-authors Brian Grinder (Washington University) and Vincent Pascal (Washington University).

The purpose of the paper was to examine the development of the early American clock industry as an entrepreneurial endeavor and to focus on the marketing and financing practices of the time. The paper uses a historical method to identify critical factors and identifies the processes through which clock making moved from a cottage industry to its modern form.
FROM ENTREPRENEURIAL BURNOUT TO BEING ON FIRE IN FAMILY BUSINESS

Zahra, Klein, and Astrachan (2006) recently suggested that there is a need to more fully integrate a psychological perspective to better capture the complex dynamics that exist within a family business. In addition, small business ownership and role stress are often linked (Brigham 2002; Duran-Whitney 2004; Wincent, Ortvqvist, and Drnovsek 2008; Shepherd, Marchisio, Morrish, Deacon, and Miles Forthcoming), and with burnout often negatively impacting not only the businesses itself, but the entrepreneur. The link between role stress, burnout and a negative impact on the business and entrepreneur can be logically extended to include the family. While role stress is associated with entrepreneurship in general (Boyd & Gumpert, 1983); family businesses, with their tremendous potential for role conflicts, may be result in even higher levels of stress and if uncontrolled and ultimately result in job burnout. Therefore, in the quest to better understand family businesses as complex social systems, we must consider the antecedents and consequences of burnout in a family business.

Morgan Miles is professor of Marketing at Georgia Southern University. He has been an Erskine Fellow at the University of Canterbury, and a visiting professor at the universities of Stockholm, Otago, and Auckland. In addition he has been a visiting academic at Georgia Tech and the University of Cambridge. His research interests are at the marketing and entrepreneurship interface and sustainability.

Gaia Marchisio, Ph.D., is Assistant Professor in the Department of Management and Entrepreneurship at Coles College of Business, at Kennesaw State. Gaia’s research primarily concerns fostering entrepreneurship in family business, burnout in family business and family business’ strategic planning process. She teaches undergrad and grad courses on Management and Behavioral Sciences, Family Business Management, and Family Business Consulting. Gaia is faculty associate of the Cox Family Enterprise Center, world leader center in family business research.

C. David Shepherd is a Professor of Marketing and Director of the Center for Sales Excellence at Georgia Southern University. Dr. Shepherd earned his Ph.D. in Marketing at the University of Tennessee. He has published extensively in the field of sales and sales management. His primary research interests include the cognitive processes of salespeople and the challenges inherent in sales and sales management positions.
New PhD for Georgia Southern

September 1, 2010

The Board of Regents approved a new doctoral degree to be offered by Georgia Southern’s College of Business Administration.

The Ph.D. in logistics and supply chain management is the first PhD to be offered by the University. Though the University System of Georgia offers more than 180 doctoral programs, the new degree is the only one available in the rapidly growing logistics and SCM field and the first PhD to be offered south of the I-20 corridor. Since the announcement of the PhD an advisory committee has been formed and Dr. Luke Pittaway is joining the committee alongside Jerry Burke, Constance Campbell, Adrian Gardiner and Dave Shepherd. The committee has been working closely with the newly appointed director, Steve Rutner, professor of logistics, to organize courses and recruit candidates.

The inaugural class is being admitted in Fall 2010, with more than thirty applicants the first cohort will include 8-10 students. The Ph.D. in logistics and SCM requires a 60-credit hour curriculum in two years of full-time classroom study followed by a classical dissertation.
Entrepreneurship on the MBA Expands

September 1, 2010

Following the introduction of the new entrepreneurship course on the MBA by Dr. Luke Pittaway in Fall 2009 the MBA has expanded its entrepreneurship provision by providing a Business Plan Development Competition.

The new entrepreneurship course asks teams of MBA students to develop and entrepreneurial idea, that the develop over a semester into a full considered business proposition. The teams then present these business propositions via a fully written business plan, a two-page executive summary, a presentation and interview in front of real investors.

The new addition to entrepreneurship on the MBA is a ‘Business Plan Development Competition’ where student’s real world application of course knowledge is further developed. The MBA director Melissa Holand and Professor Bill Wells the chair of the Department of Finance and Quantitative Analysis developed the course along with sponsors and partners Chuck and Anthony Tippins, who recently purchased 1,650 acres of property. Students worked with the Tippins brothers in groups of three or four to construct real-world business plans focused on opportunities to generate revenue growth through timber management, hunting and other agri or recreational activities.

When the business plans were presented in late April, the winning team was chosen by the managing partners, MBA faculty and the professors. The criteria for the winning team were the practicality of the business plan, ease of implementation, originality and creativity, as well as, projected outcome in terms of leverage, profitability and return on assets. Sponsors provided the winning team a cash prize of $3,000. The winning team consisted of MBA students James Dodelin, Jessica Vanner and Cory Zahner.
Veterans and Entrepreneurship

September 1, 2010

At first consideration the contrast between the structured life of the military and the freewheeling life of the entrepreneur do not seem to have much in common. When looking back in history though, you can find successful entrepreneurs who had military backgrounds. The late George Steinbrenner (1930-2010), for example, was a second lieutenant in the US Air Force before leading American Ship Building and then owning the New York Yankees service in the military and the pursuit of economic profit have not always been separate. In the 1600s, in a corporate sense, war was the biggest industry in Europe. Prominent entrepreneurs like Louis de Greer, an Amsterdam capitalist, and Count Ernst von Mansfeld raised entire armies and navies that they leased out. Even today the industrial military complex is a major undertaking accounting for over $500 billion a year in spending and, in a way, we still have private armies for hire (e.g. Xe Services LLC aka Blackwater) or in modern language ‘security contractors’.

The connection between the military and entrepreneurship has been noticed by those trying to promote entrepreneurial activity. Veteran owned businesses account for around 14.8% of US small businesses, 22% of veterans purchase or start businesses and there are many programs to support their efforts. As one example the Entrepreneur magazine recently profiled the Entrepreneurship Bootcamp for Veterans with Disabilities, which is designed to teach veterans how to become entrepreneurs and to help them overcome particular challenges. Other sources of help include: the Veterans Entrepreneurship Task Force and the Small Business Administration (SBA), which has fast track loans and specific support. But this leads to an obvious question which is: why do veterans make good entrepreneurs?

It seems there may be some behavioral links between military life and entrepreneurship. Although the military provides much structure many veterans, particularly combat veterans, make decisions in the face of significant ambiguity and uncertainty. Dealing with a chaotic situation, knowing that the first plan might not work and being willing to adapt are essential characteristics. Entrepreneurship is very similar. You must make the right judgment, at the right time, quickly, with inadequate information and adapt if things are not working. Likewise military personnel face significant risks and must have some tolerance for risk. If you are faced with decisions that may lead to yours or somebody else’s death or injury then placing your entire livelihood on the line in a venture may not seem that risky. Even the military tempo of long periods of boredom followed by sudden periods of frantic effort mimic the tempo of entrepreneurial life, where the next business crisis is just around the corner. Being in a crisis drives adrenaline and can be exciting. Following this type of experience with a mundane job may simply lack the adrenaline rush someone is used to. Military personnel must also make do with the resources available while getting the job done. Again entrepreneurship is similar. The entrepreneur must bootstrap; barter, beg and borrow whatever resources she or he can in order to fulfill new orders. In the military it is not unusual to work and lead small teams; a very similar challenge to leading and managing the typical small business. So it seems that veterans may be well placed to make good entrepreneurs but before you embark on this road make sure entrepreneurship is right for you because there are also plenty of unsuccessful veteran
entrepreneurs. Being a veteran will not ensure success but it will help you deal or even love the entrepreneurial life.
Pitching for Funds

September 1, 2010

Having just finished the spring semester I was led to ask myself ‘why is pitching so important in entrepreneurship education’? The question occurred because as an entrepreneurship professor I have the pleasure of sitting through countless business plan presentations, elevator pitches, stadium pitches and trade shows as part of our assessment of the students. These assessments have become a ubiquitous feature of entrepreneurship education and can be found in countless programs and competitions across the country. When thinking about the ‘pitch’ one is quickly drawn to TV pitchmen like Billy Mays and Anthony Sullivan and their somewhat exuberant commercials. The sales pitch is clearly an important skill for gaining customers, both for sales people and entrepreneurs, the pitch in entrepreneurship though is normally focused on efforts to raise funds or gain interest in a venture.

Pitching for funds comes in many forms. The standard elevator pitch, for example, involves a one minute proposal that provides an overview of a product or service, a company and a market; with an explanation of why it might be attractive to investors. The elevator pitch is typically trying to simulate that once in a life-time opportunity when you accidentally meet somebody who could make your venture take-off but you only have the time span of an elevator ride to make your case and get their interest. Apparently, the elevator pitch has its origins in Hollywood where script writers would attempt to gain the interest of producers while riding the elevator. An alternative that we have used recently is the ‘stadium pitch’, apparently created by Chet Holmes. Here the approach is more complex but driven by the idea that you have a stadium filled with perfect prospects but that as soon as you start talking they can walk out. In this method you have to capture their attention with a ‘wow’ that has value to them, encourage them to want to take action (or create a ‘buying criteria’) and then pitch your value to them (the ‘core story’). In this method the pitch for the product or service comes at the end, which is quite different to an elevator pitch. The stadium pitch is also slightly longer and tends to simulate a ‘sales’ situation where more time is available to attract interest. We also use formal business plan presentations where prospective entrepreneurs learn to present their business propositions to prospective investors, typically focusing on the investment opportunity, the team, the company, the product or service and the proposal’s financial attractiveness. In this form the pitch is simulating a more formal opportunity to attract investors where the entrepreneurs are interviewed intensely and is somewhat akin to what they would experience talking to business angel syndicates or venture capitalists. The final method used is the trade show (sometimes called a venture exhibition). Here prospective entrepreneurs develop their ability to demonstrate business concepts through a more visual means using prototypes, display boards, and media; basically any means through which they can capture the attention of passers-by and get them to talk about the opportunity.

Having just sat through these various types of pitches I was left wondering why we use them. The conclusion is perhaps obvious. Entrepreneurs during the venture creation phase are basically sales people. They need to convince a whole range of different people (e.g. family members; customers; suppliers; partners; and, investors) to buy into the concept they are trying to start. All of the techniques used assist people to acquire communication skills that they need
to sell their business ideas effectively to many different types of stakeholders and in many different contexts.
The State of the Union and Entrepreneurship

September 1, 2010

Lee Iacocca who revived Chrysler in the 1980s once said “Why is our free-enterprise system so strong?—Not because it stands still, frozen in the past, but because it has always adapted to changing realities”. This captured the moment of the 2010 State of the Union. In the midst of a new political climate following Massachusetts the quote supports the President’s urge for change while focusing it on how free enterprise might create jobs.

Change, we all know about that – ‘change we can believe in’ or as a recent spoof put it ‘very gradual change we can believe in’. The focus on free enterprise though came through in a number of measures announced. These included: $30 billion dollars to help community banks make loans to small businesses; $100 billion dollars of tax credits to help small businesses hire more workers; the removal of capital gains taxes on small business investment; and, further tax incentives for investment. Also included were measures for research investments and a National Export Initiative to help farmers and small businesses increase exports. Whether these initiatives will do what they are intended to do or will be implemented effectively is yet to be seen but at least the sentiment is right. If we don’t help create the conditions for entrepreneurship we will likely miss out on a key area of employment growth.

While the President presented, the Kauffman Foundation CEO Carl Schramm provided a parallel ‘State of Entrepreneurship’ address. In 2010 this address shows why the above measures are sorely needed. Schramm notes that “Entrepreneurs are still the primary engine for job creation in the United States... In the last 30 years, literally all net job creation in this country has taken place in firms less than five years old”. The 2009 survey of entrepreneurship, that he reports, paints a bleak picture. 36% of entrepreneurs have had reductions in headcounts while only 8% added employees. Nearly two-thirds have seen their sales volume and profitability decrease. 71% do not expect to add new jobs in 2010 and 61% think the economy is on the wrong track. Schramm suggests alternative measures. Noting that one quarter of all technology firms are founded by immigrants he suggests reforming immigration policy by allowing foreign students graduating from US universities the opportunity to stay if they start new companies and create jobs. By revising Sarbanes-Oxley to allow shareholders to choose whether their companies fulfill some of the more onerous reporting requirements. By providing a temporary payroll tax to companies less than five years old, giving academic entrepreneurs more choice in how their inventions are exploited. By offering fellowships for doctoral students if they wish to start a business and providing entrepreneurship education for all students from high school to college.

Both sets of policies and ideas move in the right direction by seeking ways to enhance the free enterprise system and not assuming that it will work without creating the right conditions. Providing funds for community banks may unlock the credit freeze for small business but it is unlikely to be enough. Tax incentives for small firms to employ seem anti-free enterprise but they may end up helping fast-growing companies with extra cash as they grow. Removing costs to business investment and innovation will likely enhance innovation. Schramm’s ideas may also work by encouraging immigrant entrepreneurs to stay, by giving immediate incentives to start-ups via payroll taxes and encouraging all citizens to become more entrepreneurial. Please, let’s have more of all of the above, we need it.
Articles recently have highlighted a trend where US companies are engaging in ‘resourcing’. The term describes a situation where once outsourced manufacturing activities are relocated back home. There are a number of drivers behind this trend. Companies have discovered during the recession that long supply chains with multiple jurisdictions can be unwieldy when quick decisions and rapid production changes are required. Ask Nicolas Polutnik, the CEO of Caterpillar France, how he feels about the challenges. In April 2009 when negotiating operational changes in Grenoble he was ‘boss-knapped’. Other companies, when oil prices are high, have begun to recognize that the benefits of lower labor costs can be offset by higher transportation costs. As ‘cap and trade’ enters into decision-making one side effect may be higher costs for high carbon supply chains, which may lead to further incentives to bring manufacturing closer to home. Given the US’s unemployment rate and trade deficit such resourcing of activities may be important for a recovery and should be welcomed and encouraged.

The problem with this, according to Business Week, is that the evidence does not support this view. New high technology industries like solar panels, fuel cells, energy efficient lighting, electric cars and flexible TV screens are already in the process of being moved overseas. In 2000 the U.S. exported $29 billion more high-tech products than it imported but by 2007 this had turned into a $54 billion trade deficit. Federal Bank Reserve data also show that in the 1994-1999 growth period manufacturing capacity increased by 44% but in the recent period of growth (2002-2007) manufacturing capacity hardly increased (5%). The US is an entrepreneurial nation, so why is it no longer driving high technology manufacturing?

The US remains at the cutting edge of many of these new technologies and has a research and development infrastructure which continues to churn out the opportunities. The problem seems to be the exploitation process. Somehow the industries on which these technologies are built are increasingly being developed elsewhere. For example, the US is likely to account for only 15% of solar panels made globally in 2010 and it has already lost the initiative to Asian companies in fabricated LEDs on ultrathin sheets (leading to large ultrathin TVs) despite the fact that both technologies were originally developed here. There are a number of interconnected issues behind these data that indicate a need for more consistent policy towards emerging industries. Countries in Asia and Europe are courting such industries by providing tax breaks, speedy regulatory approval, cheap credit, low-cost utilities and cash grants, as well as, specialized industrial zones. At the same time, according to the World Bank, US corporate taxes for emerging industries remain one of the highest in the industrialized world, the US offers smaller grants and there is little evidence of coherent policy to assist particular technologies or industries (although one must acknowledge the tax credits for lithium-ion car batteries and solar cells). More radical policies, however, may be required. There may need to be efforts to close the lack of connection between R&D and commercialization in particular industries, for example, through more support for centers for collaboration. There perhaps should be an effort to play catch up with our European and Asian competitors by developing large industrial zones dedicated to particular industries, offering tax breaks, cheap land, workforce training and dedicated agencies designed to streamline regulation. Whatever we do, we need to both create value and capture value. As any entrepreneur will tell you, creating value without capturing it, is no way to run a business (or a country).
Forwarding Fast the Future

September 1, 2010

Reading newspapers can still be somewhat depressing following the economic downturn and the number of articles that are written about what is going wrong. These articles tend to capture, or some would say, perpetuate the gloom and cover everything from the ballooning budget deficits to the impending crises in energy and the environment. It would be nice to look through this gloom occasionally and see the future in a positive light. Recently I have read a few articles that have renewed my faith in the power of discovery and entrepreneurship and their scope to help us solve our most intractable problems.

The World Bank Group Entrepreneurship survey, for example, recently reported a record number of pro-entrepreneurship legal and regulatory reforms across the world, which are designed to help cultures form that embrace entrepreneurship. From making things simple for entrepreneurs to get started to removing the stigma from business failure economies across the world appear to be developing a more pro-entrepreneurship stance. These encouraging changes also include significant efforts to develop pro-entrepreneurship cultures via the expansion of entrepreneurship education. The week of November 16 to 22nd was Global Entrepreneurship Week and it demonstrated the demand for entrepreneurial thinking amongst the young. Over 75 countries (3 million participants in 2008) held events and engaged in activities to promote and support young people to think big, and to turn their ideas into reality. The demand to become entrepreneurs continues to grow and can be seen as positive force for the future.

In addition, to these signs of cultural changes several magazines have published ‘best inventions’ of the year lists showing how we may solve some of our most challenging problems today. Some inventions like the YikeBike (15) a bicycle design fashioned after the penny-farthing and the universal unicycle (27) may not have large impacts on society but others might. Most notably Philips Electronics LED light bulb (3) which enhances energy efficiency gains from compact fluorescent bulbs; the smart thermostat (4) which communicates with domestic appliances wirelessly to save energy; the solar shingle (13) which doubles as a solar panel; vertical farming (16) which enables high intensity low water use farming; and, the electric microbe (20) that offers the potential for bacteria based fuel cells that could produce cheap, clean electricity. When you add to this, inventions such as, computing modeled on the human brain and the micro RNA revolution that may have significant impacts on computing and medicine one realizes that perhaps some of the solutions to the challenges we face are actually nearer than we might think. Likewise we should not give up on our entrepreneurs’ abilities to bring some of these discoveries to market. In fact recessions like this one are often fertile ground for new start-ups. Some of the most intriguing businesses are pioneering new approaches in new markets such as biotechnology, clean technology, health care and web computing. They include companies: developing low cost irrigation systems for poor farmers (DripTech); coverting grease and fat from waste food into biodiesel (BioFuelBox); building electric charging stations for cars (Coulomb Technologies); harvesting oil from living algae (Phycal); and, revolutionizing the business model for residential solar systems (SolarCity). With this amount of discovery and entrepreneurship going on, the future may be coming forward fast.
Leading Ladies in Georgia

September 1, 2010

Female entrepreneurship is in vogue as a subject. In a recent conference on entrepreneurship and small business female entrepreneurs had an entire track of research papers dedicated to them. Why this fascination you might ask? In most developed economies females are often under-represented within the ranks of entrepreneurs, in most cases for every female entrepreneur there are two male. Naturally, some governments believe that if they promote more venture creation within the female population they will generate more entrepreneurial activity. This is no idle policy. According to the Center of Women’s Business Research in the United States over the last twenty years, businesses that have been majority-owned by women have grown twice as fast as the rate of all businesses. Even the statistics on ownership can be misleading (41 per cent of privately-owned firms are owned by women) because of co-ownership and family firms, where women are often the ‘hidden’ partner and not picked up in the statistics. So the impact of female entrepreneurship in most developed economies is significant and growing in importance. But why study female entrepreneurs separately from their male counterparts? Well it appears that there are some aspects of being a female entrepreneur that make it different. Businesses owned by women tend to be smaller, slower growing and less profitable but it is unclear why this should be. Women entrepreneurs find it more difficult to gain access to appropriate finance, find it more difficult to access male dominated networks and tend to be more conservative when asking for money. All these factors have been connected with slower growth prospects. Female entrepreneurs also have more challenges than their male counterparts when trying to balance family commitments with business needs.

Despite these challenges there is growing evidence that female entrepreneurs are becoming an important economic force in the USA. In the Entrepreneur magazine’s recent ‘Top 50 Fastest Growing Women-led Companies’ there was an exceptional level of achievement for female entrepreneurs based in Georgia. So who are these ‘Leading Ladies of Georgia’? The outstanding achiever and number 1 on the list was Heidi Smith Price who leads Spartan Construction LLC in Sugar Hill, her heavy industrial contractor business which began in 2002 with a $350,000 initial investment has sky rocketed to $136 million sales in 2007. This is an amazing achievement in a male dominated sector. Our next successful leading lady is Naheed Syed (Number 8 on the list) who leads a supply chain consultancy business founded in 1993, it is based in Suwanee. The business now has a turnover of $39.9 million and has 10 offices across the US. Next on the list are Leslie O’Connor (Number 14) and Jeni Bogdan (Number 17). Leslie leads the consulting firm Search Wizards Inc. based in Atlanta and Jeni leads the industrial construction firm The Saxon Group Inc. also based in Sugar Hill. Georgia’s final leading ladies were: Bonney Shuman (Number 31) of Stratix Corp. a mobility solutions business based in Norcross; Daksha Choksey (Number 32) of Application Development Resources Inc. an IT services company based in Alpharetta; Cynthia Kaye (Number 34) of Logical Choice Technologies Inc. an education technology firm based in Duluth; and, Mylle Mangum (Number 40) of IBT Holdings LLC a design, building and consulting services business also based in Norcross.

What these successful female entrepreneurs show is that some of the barriers that are encountered can be overcome: that it is possible to raise finance if you have the right idea, appropriate plan and if you
have the willingness to ask; that it is possible to be successful in male dominated industries; that it is possible to access male dominated networks; and, ultimately they demonstrate that it is possible for young females to aspire to be entrepreneurs.