



## **Entrepreneurship Key for Economic Development Success**

Jeff Erramouspe – practice director, TIP Strategies

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The 2006 IEDC Annual Conference has the theme “Roadmap for the Knowledge-Driven Economy.” Many of the conference sessions focus on entrepreneurship. What does entrepreneurship have to do with a knowledge-driven economy? In a word: everything!

Dictionary.com defines an entrepreneur as *a person who organizes and manages any enterprise, esp. a business, usually with considerable initiative and risk*. The entrepreneur is the engine that drives the economy; taking capital, resources, and talent and turning them into profitable enterprises that create jobs and wealth, and ultimately, spin-out new enterprises. In our 20<sup>th</sup> century manufacturing-based economy, relatively few entrepreneurs created very large companies (and sometimes industries) that provided tens of thousands of jobs.

As technology and cheaper off-shore labor transformed traditional manufacturing industries, a knowledge-driven economy has emerged. Typified by smaller, more nimble companies, this new economy requires more entrepreneurs to create the same number of jobs. Furthermore, as products, services, and customer interactions become more complex, entrepreneurial skills are required of virtually every person in the business.

It is a common belief that entrepreneurship is innate, that our great present day entrepreneurs – Bill Gates, Michael Dell, Russell Simmons – have a special gene that allowed them to build their companies or that they are just plain smarter. While it may be true that these innovators have some unique capabilities, the skills they used to build their businesses can be learned. Being an entrepreneur requires the ability to:

- Identify a market need and meet it profitably;
- Gather resources to start and grow an enterprise;
- Make good decisions based on imperfect information.

Each of these skills can be taught. The first is the core of any Marketing 101 course at a business school and is practiced by product managers every day. The second can be learned in any complete business education program and is the skill set relied on by general managers and other executives. The third skill is more abstract, yet can still be learned through experiential training, mentors, and peer networking. It is this skill that is most critical for talent in a knowledge-driven economy.

How can economic development professionals leverage entrepreneurship to achieve their objectives?

- First, embrace entrepreneurial development as a key part of economic development strategies. It complements traditional industry recruitment and cluster development and creates a community that knowledge-based companies will want to join.
- Second, develop programs for entrepreneurial education, entrepreneur peer networks, and mentorship. These programs form the backbone of an entrepreneur-centric community and provide an opportunity for partnership within the community.
- Third, actively track the progress of entrepreneur-created jobs in the region, just as jobs from relocating companies are tracked. This enables the measurement of the return on economic development funds spent on entrepreneurship programs.



Developing an entrepreneur-centric community is critical for a region to thrive in a knowledge-driven economy. Fostering those that can create value will result in a large number of home-grown businesses while simultaneously making the environment rich for transplant businesses. Developing a talent pool that can thrive in an entrepreneurial environment should be the top priority for economic developers.