Entrepreneurs: Born or Made?

Here is something I read recently that I would suggest business CEOs contemplate. “Nature trumps nurture as far as entrepreneurship goes. Entrepreneurs are born, they learn to use their innate talents, and then they succeed. The ones who become superstars are the ones who had innate talent and were able to make the most of that talent.” This comes from a great business book entitled the “Entrepreneurial StrengthsFinder”, published this past fall and written by Jim Clifton, and Sangeeta Bharadwaj Badal. Not only do they take a stab at “learning” to become an effective entrepreneur, but they also imply that this mismatch is at the heart of business failure.

These authors are from the Gallup Corporation which has studied the behavioral traits of entrepreneurs since 1965. During the last decade, in projects spanning countries such as South Africa, Germany, Mexico, and the United States, Gallup’s research has focused intently on understanding the role of human nature in organic job creation. The following facts and discoveries factor greatly into Gallup’s position that early identification and development of entrepreneurial talents at the city level is the solution for a worsening job creation picture in the United States and the rest of the world.

1. U.S. businesses are dying faster than they’re born. Facts to support this include:
   - For the first time in 35 years, American business deaths now outnumber business births.
   - Four hundred thousand new businesses are being born annually nationwide, while 470,000 per year are dying.
   - The U.S. economy needs 1 million successful startups annually to remain a global economic leader.
   - The United States ranks 12th among developed nations in terms of startup activity.
   - Entrepreneurship is now in decline for the first time since the U.S. government started measuring it.

2. Entrepreneurs and their small & mid-size businesses are the backbone of the U.S. economy as witnessed by:
   - U.S. startups create 40% of new jobs annually, adding 6.5 jobs per new establishment on average.
   - Half of all jobs are in small businesses; they create approximately 65% of all new jobs.
   - Small & mid-size businesses provide jobs for more than 100 million Americans.
   - During the past two decades, small & medium-sized enterprises have accounted for virtually all new jobs created.
3. Small & mid-size companies continually face challenges to their existence and growth. Their data shows that:

- 40% of startups shut down within the first 3 years.
- 50% of startups don’t make it past 5 years.
- Only about 4 in 10,000 startups become large enterprises of $100 million or more in revenue.
- Gallup estimates that the U.S. needs a minimum of 5 million new good jobs immediately and a minimum of 10 million new good jobs, net gained, within 5 years. They must be sustainable jobs created organically via entrepreneurship.

Where will we find the answers to this need? Gallop says the potential is out there.

- There are nearly 30 million students in grades 5-12 right now in the United States and 77% of U.S. students in grades 5-12 ‘want to be their own boss’.
- 42% of U.S. students in grades 5-12 plan to start their own business.
- 38% of U.S. students in grades 5-12 will invent something that changes the world.
- 47% of U.S. students in grades 5-12 say their school offers classes in how to start and run a business.
- 5% of U.S. students in grades 5-12 say they are currently interning with a local business.

But now to the original question. What kind of talents must these future entrepreneurs have? I will reveal that in next week’s column.

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