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Small Business, Entrepreneurship

"Don't be discouraged by a failure. It can be a positive experience. Failure is, in a sense, the highway to success, inasmuch as every discovery of what is false leads us to seek earnestly after what is true, and every fresh experience points out some form of error which we shall afterwards carefully avoid."

- John Keats

Having been a business management consultant for over 175 small businesses, including dozens of fledgling start-ups, the author of this essay has observed that -- for those who truly have the entrepreneurial mettle -- the willingness to accept risk, coupled with a fear of failure, often motivates them to find ways to overcome their pride and to discover ways to succeed, reinventing themselves, serving customers better, liquidating and rebuilding so as to release wasted or under-utilized resources back into the economy's bloodstream. "It is business turnover that makes markets more competitive and productive ... (and) is a natural occurrence during a period of favorable business conditions; poorer conditions exacerbate the challenge to grow and survive, increasing turnover", wrote Joel Popkin (2003) in a paper prepared for the U.S Small Business Administration.

Most of those entrepreneurs would say that they were often on the brink of failure, yet they persevered. They found a way to make payroll. They found a way to make that critical sale. They found a way to keep the wolves away from the door just long enough to make it through the tough times. Sometimes, when a business did not succeed, they found a way to pick themselves up and move on to the next one that might. Failure, they sometimes discovered, turned out to be a good thing in some respects, in that a lot of lessons were learned along the way. Setbacks and shortfalls were the basis for their subsequent success. The good entrepreneurs banked those early lessons and later employed them to avoid

making the same mistakes again. When looking at those who ultimately had success in business, most had gone through a lot of failures. "Figuring out how to master this process of failing fast and failing cheap and fumbling toward success is probably the most important thing companies have to get good at," says Scott Anthony (2006), the managing director at consulting firm Innosight.

Many clients seemed to thrive on the dangerous excitement of knowing that the ultimate responsibility for the financial success of their enterprise rests with themselves, or sometimes in partnership with a family member or friend, which seemed to double or triple their determination to succeed. Perhaps in consideration of the high risk of failure, they were hungry to learn better ways to improve their operational efficiencies and/or managerial skills, as evidenced by their willingness to invest thousands of dollars for professional consulting services. Many of those business persons who were laying out considerable sums for private consultation had also taken advantage of the vast number of low- or no-cost informational resources available to them, such as the hundreds of Web sites, library offerings, Small Business Administration resources (such as SCORE), and incubators, all devoted to small business management.

Such feedback from clients about their desire to take advantage of the resources available to them led the author to ponder whether it was reasonable for the general taxpaying public to fund organizations that help small businesses to succeed. Research indicated the following:

- According to the SBA (2004), entrepreneurial activities represent about half of the country's output and employ about half of the private sector work force. Home-based businesses make up 53 percent of the small business population, serving as the impetus for most successful businesses in existence today.

- Popkin & Company (2004) produced the following statistics: Small firms...
Total approximately 23 million in the United States, with roughly 75 percent of the firms having no employees.
 - Represent 99.7 percent of all employer firms.
 - Employ half of all private sector employees.
 - Pay 44.3 percent of the total U.S. private payroll.
 - Generate 60 to 80 percent of net new jobs annually.
 - Create more than 50 percent of non-farm, private gross domestic product (GDP).
 - Are employers of 39 percent of high tech workers (such as scientists, engineers, and computer workers.)
 - Make up 97 percent of all identified exporters and produce 29 percent of the known exports.

Accordingly, it can be concluded that small businesses are critical players in the U.S. economy, such that it is in everyone's interests to invest tax dollars in support of those public organizations that foster entrepreneurial development. A similar sentiment was voiced during a 2004 conference organized by the Office of Advocacy (SBA 2004), during which former Treasury Secretary John W. Snow noted that it is vital for tax dollars to be allocated toward creating an environment where entrepreneurship can thrive.

References

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