

# THE RISE OF EVERYDAY ENTREPRENEURS AND THEIR ECONOMIC IMPACT ON COMMUNITIES

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Thank you to Harvard Business Review Analytic Services for helping shine a light on the powerful role that millions of everyday entrepreneurs have in making our 21st-century economy be both more inclusive and resilient. As the CEO of GoDaddy, a company whose mission is to empower these fearless entrepreneurs, I know the findings reinforce the creativity and impact I see from our customers every day.

This new research includes important analysis and timely observations by both academics and business leaders, documenting the impact these everyday entrepreneurs have on the U.S. economy. But the impact they describe is only part of the story. To understand the rest, you have to know the people behind the numbers.

Meet Jaqi Thompson Wright and Nikki Thompson Howard from Maryland. Severely impacted by the 2018 government shutdown, the two sisters were forced to step out on their own to support their families. With just one bite of her sister's crumbly pie, Wright knew she had stumbled upon something special. And that delicious "aha" moment birthed The Furlough Cheesecake, an online business they launched amid their furlough status.

Or meet Patti Curtis, an artist from Washington who rediscovered her passion after losing her corporate job at age 53. "I decided to return to my roots and start making art." With fierce determination, she set out to dispel the myth of ageism and opened Fogue Studios for folks over 50. She combined her art education with over 30 years of marketing and retail experience and set out to create a space where older folks feel relevant and inspired.

Jaqi, Nikki, and Patti—and millions more just like them—are creating opportunities, supporting their families, fulfilling their dreams, and enriching their communities. But it's not just what they are doing—it's how they are doing it that changes the way we need to think about our economy. The impact of these everyday entrepreneurs is not derived from traditional top-down economic development. It is not limited to any one geography, economic class, or ethnicity. The everyday entrepreneur is powered by creativity, curiosity, and a can-do spirit that, combined with highly accessible technology, is changing our economy for the better, for everyone, and from the ground up.

At GoDaddy, we've always known the powerful impact our customers have on their communities and the world around them. With this well-researched paper by Harvard Business Review Analytic Services, we're proud that now the rest of the world will know it, too.



**AMAN BHUTANI**  
CEO  
GODADDY

# THE RISE OF EVERYDAY ENTREPRENEURS AND THEIR ECONOMIC IMPACT ON COMMUNITIES

In cities and towns all across the United States, a quiet but growing movement of self-determined capitalism is changing the way many see their place in the modern economy. Everyday entrepreneurs have become self-sufficient, using their talents and resourcefulness to create their own commercial ventures with the help of websites. Their innovative approach is not only improving their economic prospects, but enhancing the viability of the communities they live in. As policymakers and others take a deeper interest in the future of work, the ventures of everyday entrepreneurs signal a transformation in the future of workers, who are using the internet to create economic growth at a cellular level.

The sustainability of everyday entrepreneurship lies not just in the affordability, accessibility, and skills training associated with broadband, but also in an evolving desire for people to feel financially empowered and autonomous. While some of those feelings are rooted in a changing economic ecosystem, many of them may also be derived from a rising sense of localism and community. It's not just college students creating ventures upon graduation, or Millennials generating ventures to accommodate a different vision of making a livelihood. It's also Baby Boomers who want to stay active, have second careers, and not retire quietly.

"These are cultural changes where entrepreneurship is more in vogue," says Charles Ross, CEO of the International Business Innovation Association (InBIA), an Orlando, Fla.-based organization that advances business incubation and entrepreneurship. "You couple that with the recession and then more capital-efficient business models for startups that internet-based companies have, and you have a significant force over the past 10-plus years in the U.S. economy."

The question now is how to expand the number of everyday entrepreneurs and help them take the next step in their financial journey and build those ventures into even more influential commercial enterprises. The answer for policymakers, state and local officials, and many others involved in economic development efforts may lie in helping everyday entrepreneurs gain access to and navigate the various training, financial, and networking resources available.

## HIGHLIGHTS

**75%**  
OF THE MORE THAN 20 MILLION VENTURES IN THE U.S. INVOLVE COMMERCIAL ACTIVITY OF SOME TYPE.

**56%**  
OF COMMERCIAL VENTURES PROVIDE EITHER PRIMARY OR SUPPLEMENTAL INCOME.

**35%**  
OF EVERYDAY ENTREPRENEURS WITH VENTURES HAVE A FOUR-YEAR COLLEGE DEGREE, WHICH IS MORE THAN THE NATIONAL AVERAGE.

**“IT’S REALLY THE DREAM OF AN ORDER TAKER TO BECOME AN ORDER GIVER.”** JOAN WILLIAMS, PROFESSOR, AUTHOR

Approximately 70% of these everyday entrepreneurs are either employed fulltime or consider their business fulltime, and they are more likely to report that the venture is a main source of income, according to Venture Forward, a study produced by online tools and services provider GoDaddy Inc., which created it in collaboration with Arizona State University and University of Iowa researchers by analyzing more than 20 million unique U.S. domains, or “ventures.” Three-quarters of these ventures involve commercial activity of some type. And 56% or so of these ventures provide income—more than 34% being supplemental in nature, and more than 21% being primary. **FIGURE 1**

Who are these everyday entrepreneurs? The neighbor who sells cupcakes online, the friend who created a website to showcase the jewelry she designs, and the business colleague who offers self-help advice through podcasts and webinars are new-age capitalists who have seized control of their financial destiny—through their own ingenuity and industriousness, and the help of technology tools.

While under the radar, everyday entrepreneurship is an increasingly vital part of the economic fabric. “It’s in the shadows,” says John Hagel, cofounder of the Deloitte Center for the Edge, of

the impact that everyday entrepreneurs are having on the economic fortunes of communities. “People aren’t seeing it, but it’s there and it’s a growing part of the economy. We need to pay more attention to it and abandon some of these very conventional views of what’s a business and how you measure business activity or economic activity.”

Harvard Business Review Analytic Services, with the help of qualitative research and Venture Forward data compiled from 912 U.S. metropolitan/micropolitan areas, 3,100 counties, and 30,000 zip codes, will shed light on everyday entrepreneurs and their ventures. This paper explores why this data is important and how it could be used to examine the influence that these self-determined capitalists have nationally and in their communities.

“There’s more and more aspiration to do something that has impact and that’s going to help develop the person versus just going to work and getting a salary,” says Hagel. “People are hungry to make a difference and they can do that by going off in various ways and trying to address unmet needs out in the marketplace.”

### Stagnant Wages, Automation Lead to Self-sufficiency

Having one job to support a household was once not only a dream, but a reality. Automation threatens to make the stagnant wage environment even more challenging. “People are getting more of a sense that the only way they are going to continue to be successful is if they learn faster,” says Hagel. “And not only are the traditional jobs low paying, but often they are low learning. You acquire a set of skills and then you just wait until the machines can take the job or the routine tasks.”

To Hagel, this circumstance is helping spur an increased sense of self-sufficiency. “There’s a sense that by going off on their own and addressing unmet needs, they’re going to learn more and develop more as a result,” he says of everyday entrepreneurs.

The need for self-sufficiency only seems to be getting deeper. According to The Brookings Institution, 44%

FIGURE 1

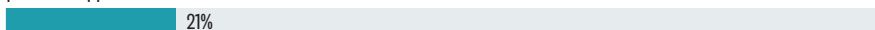
## GETTING THE MOST INCOME FROM VENTURES

Ventures are more likely to be a main source of revenue for full-timers

Everyday entrepreneurs either employed full time or who consider their business full time who report that their venture is a main source of income



Everyday entrepreneurs who work part time or are out of the workforce who report having a venture that provides supplemental income



Ventures that provide supplemental income



Ventures that provide main income



SOURCE: VENTURE FORWARD, 2019

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According to The Brookings Institution, 44% of Americans 18 to 64 years old are **low-wage workers**, earning less than two-thirds the median pay in the United States. An estimated **53 million Americans** are earning low wages.

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of Americans 18 to 64 years old are low-wage workers, earning less than two-thirds the median pay in the United States. An estimated 53 million Americans are earning low wages. Their median wage is \$10.22 an hour and their annual pay is \$17,950. Women and minority groups are more likely to earn low wages. Black workers are 32% more likely to earn low wages than whites, and Latinos are 41% more likely.

“Between the ’40s and the ’70s, you could support a family on one good blue-collar job, and maybe intermittent part-time work by Mom. Now those jobs are sharply constricted and often gone,” says Joan Williams, law professor at the University of California’s Hastings College of Law and author of *White Working Class: Overcoming Class Cluelessness in America*. “So, the job sector that’s boomed is low-paid service jobs, which make it much more difficult to impossible to support a family on one income, and often, difficult to support a family on two.”

Worse still, improving one’s lot is getting harder for working class folks. Brookings found that workers who make \$10 to \$15 an hour have a 52% chance of remaining in that wage bracket when they switch jobs. Those workers earning \$19 to \$24 an hour have a 46% chance that a job transition would result in lower pay. Taking your commercial future into your own hands has never been more necessary. “It’s really the dream of an order taker to become an order giver,” says Williams. “So, if you can be wildly successful and actually create a company, that’s awesome. But even if you can’t do that, to have your own small business or even a small business in the form

of a side hustle, that often feels empowering.”

There are currently more statistics to track small businesses and how they operate than there were 10 years ago. And as Michael Barr, professor of law and professor of public policy at the University of Michigan, notes, there are about 15 million people who are self-employed in the U.S., and about 60% of them run unincorporated businesses.

The density of websites represents an important new measure of digital participation in communities and in local economies. For example, while there are metrics on broadband availability, there has been a lack of publicly available data on how the internet is used in communities across the country.

Indeed, that lack of data on the internet’s influence on the economy is hurting everyday entrepreneurs in various ways. Legislators, policymakers, and even judges don’t know just how many everyday entrepreneurs there are, or how profound their influence is, yet there have been some developments recently that could deeply affect them. For example, state laws, such as the one newly enacted in California that regulates independent contractors, could seriously harm these self-determined capitalists. The *South Dakota vs. Wayfair* decision by the Supreme Court in 2018—upholding the state charging sales tax to internet retailers who sell in the state but have no property or workers within its borders provided that certain requirements are met—could dampen the online sales so many everyday entrepreneurs depend on. “If you



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**THE DECISION BY THE SUPREME COURT IN 2018 COULD DAMPEN THE ONLINE SALES SO MANY EVERYDAY ENTREPRENEURS DEPEND ON.**

# VENTURE FORWARD REPORTS THAT THOSE WITH A HIGH SCHOOL DEGREE OR LESS ARE MORE LIKELY TO REPORT THAT THEIR VENTURE REPRESENTS THEIR MAIN SOURCE OF INCOME.

complicate the ability to sell online for somebody, fewer and fewer people are going to do it,” says Holly Wade, the director of research and policy analysis for the National Federation of Independent Business (NFIB).

In the early days of the internet, websites weren’t typically part of the entrepreneur’s arsenal. Wade remembers one of the organization’s first national surveys of small employers in 2002 or 2003 on the use of websites. “The use of websites was basically nonexistent,” she recalls. “It was too expensive and there weren’t a lot of folks out there providing that service for small firms to develop their own website.”

Domains have become more affordable, and tools for creating and maintaining websites are much more available. As a result, the entrepreneurial calculus has changed. “Things look different now with the ability to sell things online,” Wade asserts. “You can create your own website and it doesn’t cost a fortune. And so, you don’t have to rely on eBay and some of the larger platforms. You can try to do it yourself and drive customers there because a lot of times, and especially with advertising on Twitter and Facebook, it’s all local and you know your town and the area that you’re selling to.”

Websites are also egalitarian. They enable people of different ages,

educational backgrounds, and locales to create a venture that puts them in control of their financial destiny. For example, Venture Forward reports that those with a high school degree or less are more likely to report that their venture represents their main source of income. “They all have that drive that they want to sort of be their own boss and have flexibility,” says Janell Anderson Ehrke, the president and founder of GROW Nebraska, a Kearney, Neb.-based nonprofit organization that provides marketing, training, and technical assistance to Nebraska entrepreneurs, among others. “We’re seeing a lot of individuals like college graduates now that are setting up little online boutiques or whatever they’re wanting to do. They just see it as an opportunity that could turn into something.”

## A Different-looking Recovery

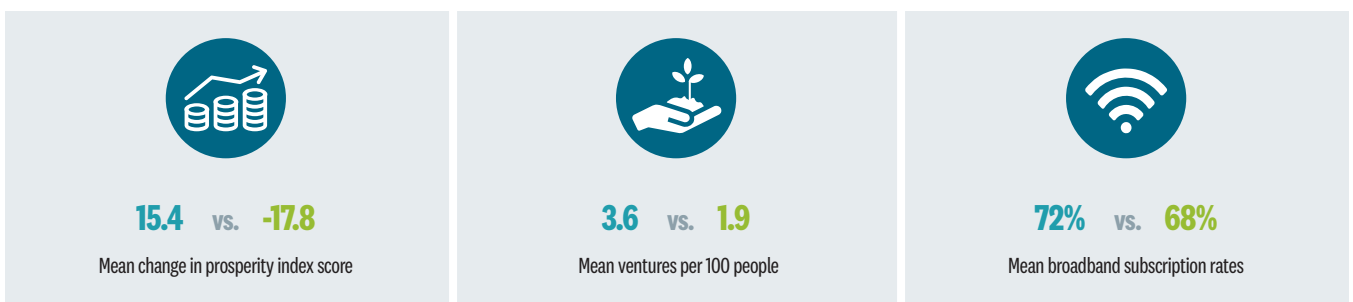
The Great Recession had a profound effect on conventional business formation. New business formations since that financial crisis were highest in 2016. Yet the 433,000 of new businesses that year still paled in comparison to 2006 (558,000) and was off 64,400 from the 497,400 average for the decades before the Great Recession. But that doesn’t mean there hasn’t been a strong comeback. “The recovery from the last recession looks different, and a lot of that is the gig

FIGURE 2

## KEEPING THE ECONOMY RESILIENT

Ventures were significantly higher where prosperity rose after the Great Recession

● TOP 10% COUNTIES RECOVERING FROM GREAT RECESSION, 2007-11 TO 2012-16    ● BOTTOM 10% COUNTIES RECOVERING FROM GREAT RECESSION, 2007-11 TO 2012-16



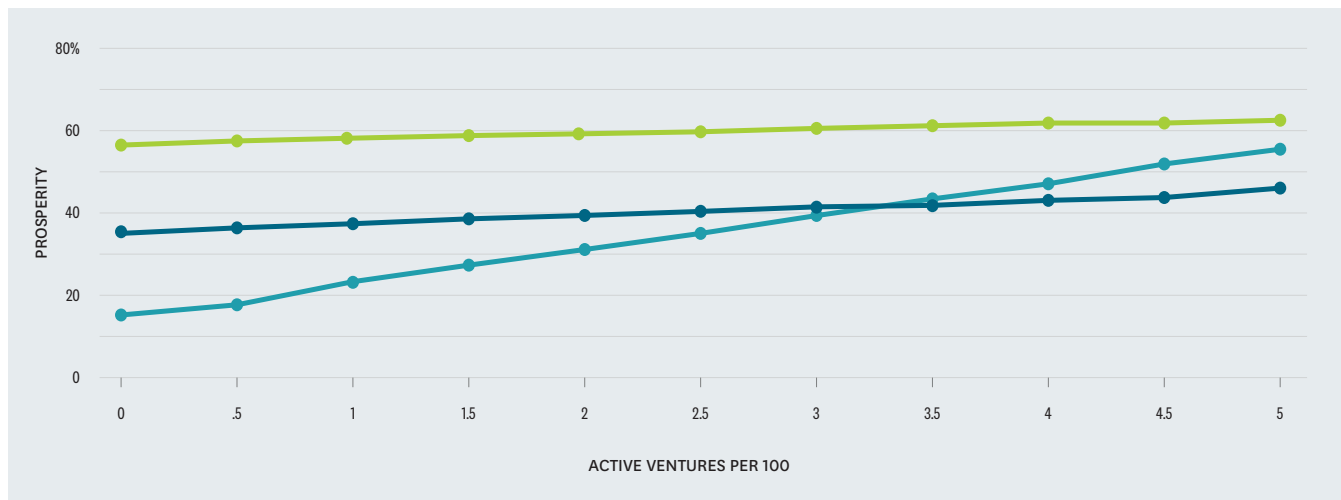
SOURCE: VENTURE FORWARD, 2019

FIGURE 3

## VENTURES HELP COMMUNITIES CLIMB THE PROSPERITY SCALE

Lower broadband areas get an economic boost as the number of ventures grow

● LOW BROADBAND ● AVERAGE BROADBAND ● HIGH BROADBAND



SOURCE: VENTURE FORWARD, 2019

MODEL CONTROLS FOR OTHER FACTORS.

economy and the ability for folks to start something without a lot of barriers and hurdles,” says the NFIB’s Wade.

Everyday entrepreneurs are among those folks Wade’s talking about. As part of its modeling involving ventures data, Venture Forward used data reflecting local economic distress that Economic Innovation Group (EIG), a public policy research firm, compiled by utilizing seven equally weighted variables by zip code and county—percent of the adult population without a high school diploma; housing vacancy rate; percent of the population aged 25 to 64 not in the workforce; poverty rate; median household income as a ratio of the state median household income; percent change in the number of jobs; and percent change in the number of business establishments. What Venture Forward did was invert the EIG index to instead measure local economic prosperity on a scale of 0 to 100.

From the recessionary period of 2007 to 2011 to the recovery period of 2012 to 2016, the top 10% of counties in terms of recovery from the Great Recession

had a 15.4 mean gain on this prosperity scale and a mean number of ventures of 3.6 per 100 people in 2018. The bottom 10% of counties suffered a 17.8 mean decline on the scale and had just 1.9 ventures per 100. Having more ventures moves the recovery needle significantly, even when controlling for other factors such as regional education levels and race. [FIGURE 2](#)

The number of ventures can also have a significant effect on median household income when multiple factors are considered and analyzed. Venture Forward reports that the addition of each highly active venture—defined as one with a large amount of site interaction—would add \$331 to a county’s median household income, over and above the average increase of \$1,700 in that metric from 2016 to 2017. The effect of one highly active venture is even greater in metro and micropolitan areas, adding \$446 to median household income over and beyond that \$1,779 average increase.

Notably, the mean rate of broadband adoption was similar (72%) in the top 10% of recovering counties and

the lower 10% (68%), so it’s not how much broadband is consumed that is necessarily a factor, but how it’s being used. Places with more ventures (with at least 2.5 ventures per 100 people on average) are the same as those that experienced a greater increase in prosperity between 2007 and 2016. City regions, in particular, with more than 3.5 ventures per 100 people, would see positive economic growth after the 2008 financial crisis, according to Venture Forward.

In counties with low rates of broadband adoption, adding more ventures significantly boosts economic prosperity. The higher broadband adoption is, the more prosperous the county tends to be to begin with. For example, counties with a high number of broadband subscriptions—defined as the top third in terms of the quantity of people having a high-speed internet connection—didn’t have much of an uptick on the prosperity scale when adding more ventures. [FIGURE 3](#)

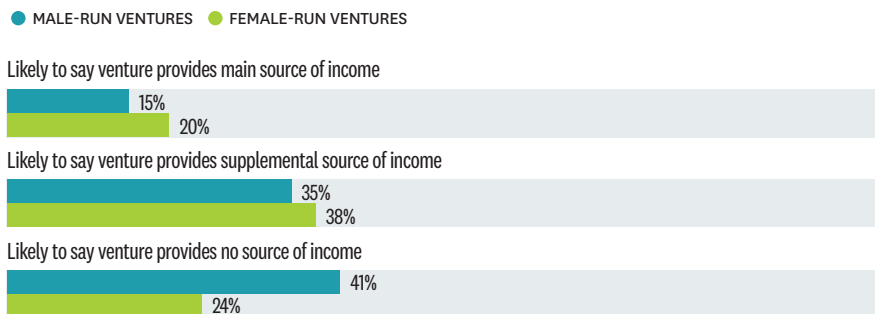
But disadvantaged counties are different. As the number of ventures grew in poorer areas with a low number



FIGURE 4

## FEMALE VENTURERS GET AN INCOME BOOST

They are more likely than men to say they benefit financially from a venture



SOURCE: VENTURE FORWARD, 2019

MODEL CONTROLS FOR OTHER FACTORS.

Meanwhile, males have a 41% likelihood of owning a venture that provides them with no income, versus 24% of females. [FIGURE 4](#)

Hispanics, too, show more of a willingness to rely on ventures as their main source of income or as a supplement to it than do white non-Hispanics. When it comes to supplemental income, almost 36% of Hispanic respondents are likely to say they derive it from their ventures, versus 32% for white non-Hispanics, after controlling for other demographic and economic factors, according to Venture Forward. The difference isn't as wide with main incomes, but even here, more than 18% of Hispanic respondents are likely to get their main income from ventures, compared with nearly 17% of white non-Hispanics.

That Hispanics and Latinos are starting ventures and deriving income from them isn't surprising; while they make up 18%<sup>1</sup> of the U.S. population, they comprise 24%<sup>2</sup> of new entrepreneurs, according to Storm Taliaferrow, senior program manager of the National Association for Latino Community Asset Builders (NALCAB). Also, Census Bureau data shows 46%<sup>3</sup> growth in Latino small businesses between 2007 and 2012. "Latinos and African Americans really saw their wealth plummet disproportionately during the Great Recession, and that's partially because the decline in property values was highly concentrated in a lot of southwestern communities where there's a higher percentage of Latinos," Taliaferrow explains. "So, despite the job losses and plummeting home equity, it's undeniable that Latinos are very resilient and very entrepreneurial."

### Localism and Connectivity

Among the most influential cultural changes impacting everyday entrepreneurs is a push toward localism and expanding the role broadband has played. As the University of California's Williams points out, as the economy has changed, and big factories and companies have moved out of communities around the U.S., moving to where more jobs are elsewhere in

of broadband subscriptions, the communities became more prosperous. According to Venture Forward, when the number of ventures is 0.5 per 100 people, it looks like an area with a 20 on the zero to 100 prosperity scale. But when the number of ventures swells to five per 100 people, that area ascends to almost 60 on the prosperity scale, a significant result when controlling for other factors that affect economic well-being.

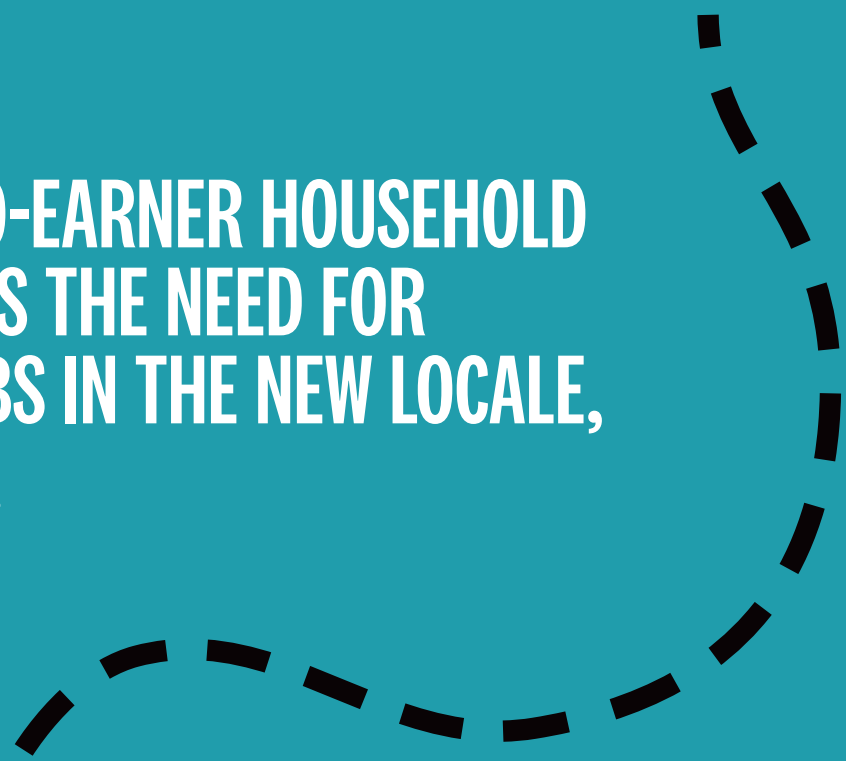
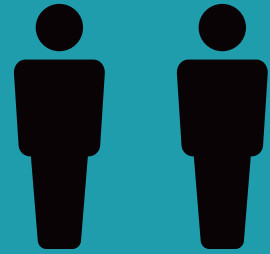
What this phenomenon illustrates is how self-determined entrepreneurs can connect with customers outside their immediate area and promote business development for local benefit. Consider what's happening in Nebraska. According to GROW Nebraska's Ehrke, more than 84% of the orders on its BuyNebraska.com platform, which hosts ventures, are from either out of state or outside the country.

Ventures started by women are giving their creators more financial independence, too. According to a survey of 2,006 GoDaddy customers in August 2019, more women than men said they are benefiting from their ventures. There is a nearly 38% likelihood women said their website provides them with supplementary income, versus almost 35% for men. Likewise, there's a 20% likelihood that female respondents derived their main income from their website, compared with 15% for male respondents.

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“Individuals are taking advantage of **lowered barriers** to market entry and commercialization to **become creators** in their own right.”

—“The Hero’s Journey Through the Landscape of the Future,” a paper by the Deloitte Center for the Edge

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the country is complicated. There’s the so-called two-body problem, where moving a two-earner household means there’s the need for two good jobs in the new locale, not just one, she explains.

Moving also means leaving behind networks of family and friends that provide things such as child care and help fixing a roof. “You lose a lot of economic benefits and resources that aid in resiliency,” Williams notes. “People in the middle class—well, everybody outside the elite—tend to commodify less because commodification doesn’t work so well when you don’t have a lot of money. So it’s completely understandable why they don’t want to move. The alternative is to stay, for example, in the heartland and keep your full-time job, or patch together a quilt of part-time jobs, and then be open to doing something on the side.”

For many young people, trying to find a factory job or low-wage employment after attending college isn’t as attractive as trying to start an online boutique or starting a website to sell beef or hand-crafted furniture. “All of them generally go back to where they’re from because they want to help build that community,” says Ehrke.

This sense of community also now extends beyond it. In a sense, hyper-localism on the outskirts of the conventional economy has an attractiveness that makes such communities more resistant to downturns. Many of the 3,500 Nebraska wares made available over the internet—from soaps and lotions to gourmet bison meat—are bought by Californians. “They like the fact that they’re helping a Nebraskan,” Ehrke explains. “And we really make some people understand that. ‘You bought

from a real person, you bought from a ranch.’ I think communities are realizing that they need to tell these kids, ‘Hey, it’s a big world, go out and get it, do some stuff, but you can come back here and create something if you come up with an idea,’” she adds. “We tell people that you can live anywhere in Nebraska and make a living if you utilize the tools that are now available that weren’t available 20 years ago.”

The reach that broadband provides the everyday entrepreneur involves not only markets, but also, potentially, such things as supply chains, manufacturing capacity, and other commercial infrastructure. “Broadband is ultimately about connectivity and just being able to connect in much richer ways at much greater scale than was ever imaginable before,” says Deloitte’s Hagel. “It’s the connectivity, but it’s also the ability to connect with resources.”

He explains that the internet has enabled everyday entrepreneurs to punch above their weight and get access to resources that can help them advance their ideas. “Now I don’t need a large computer infrastructure. I can access a cloud computing platform. I don’t need logistics; I can access a logistics company. I don’t need to have manufacturing. I can get somebody to do it on a contract basis,” Hagel says. “All of that is hugely helpful to smaller players who don’t have scale but have really interesting ideas for how to address unmet needs. Given that (all these resources are) more and more accessible not just to the traditional part of the economy, but to the marginalized populations, that’s really important.”

It is this fragmentation that Hagel believes can only make everyday entrepreneurship stronger, especially



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since the entrepreneurs have already started the process. “Individuals are taking advantage of lowered barriers to market entry and commercialization to become creators in their own right,” according to “The Hero’s Journey Through the Landscape of the Future,” a paper by the Deloitte Center for the Edge. “As a result, a new economic landscape is beginning to emerge in which a relatively few large, concentrated players will provide infrastructure, platforms, and services that support many fragmented, niche players. In this way, both large players and small will coexist and reinforce each other.”

Hagel points to situations where this is already occurring, noting that Intuit, the financial software company, has created a platform for bookkeepers, many of which are in very small communities. “They’re in need of help in terms of advice of how to make the business more effective,” Hagel explains. “And they’ve created an interesting environment where bookkeepers can connect with each other from all over and ask each other questions.”

### Why Venture Density Matters

The growing legion of everyday entrepreneurs may be overlooked because they are surfacing in all income, racial, and educational groups. For example, one indicator of how enigmatic everyday entrepreneurs are is their level of education, which is higher than that of the average American. According to Venture Forward, 35% of them have a four-year degree, and 29% have graduate degrees. Twenty percent have an associate degree and at least some college in their background. **FIGURE 5**

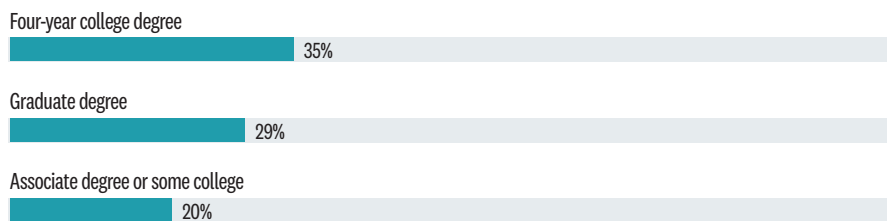
Indeed, not accounting for the growing numbers of everyday entrepreneurs is likely a factor in them being little understood. More privileged people have caricatured those less so as lacking in some way, not appreciating just how entrepreneurial and community-minded they’ve become. “The economic resilience and grit and determination that’s represented by this entrepreneurship are a good

FIGURE 5

## MANY VENTURERS ARE COLLEGE-EDUCATED

A high percentage of everyday entrepreneurs have attended at least some college

Education of everyday entrepreneurs with ventures



SOURCE: VENTURE FORWARD, 2019

example of how ill-founded that stereotype is,” Williams notes.

A “dynamic universe,” as Wade calls it, presents a data challenge for economists and other researchers when it comes to entrepreneurs and how to help them. Small businesses, she explains, are very dynamic within their first year or two in the sense that they open and close, and sometimes open again, over that period. Financing them is a risky proposition for banks and even microlenders, given their lack of track record. Savings and money from friends and family are usually the financial underpinning for these enterprises, Wade says.

The 20 million ventures Venture Forward tracks just add to this dynamism, she notes. “That group of people is even more dynamic because a lot of them try things and sell whatever good or service that they’re selling for a bit, and it might escalate, and then it might fall off, and then it might close shop,” Wade says. “But for a number of people, the venture grows into something that they just do themselves or it turns into a business and they start employing a few folks to help them and they go from there. So looking at the whole universe is important.”

The density of ventures in this dynamic universe could prove to be a powerful metric. Consider a grant that NALCAB received from the St. Paul, Minn.-based Northwest Area Foundation to

**ONE INDICATOR OF HOW ENIGMATIC EVERYDAY ENTREPRENEURS ARE IS THEIR LEVEL OF EDUCATION, WHICH IS HIGHER THAN THAT OF THE AVERAGE AMERICAN.**



**“CAPITAL IS NECESSARY BUT NOT SUFFICIENT. MOST CRITICAL IS PROBABLY PRODUCT MARKET FIT, REALLY HAVING A COMPELLING VALUE PROPOSITION.” CHARLES ROSS, CEO OF THE INTERNATIONAL BUSINESS INNOVATION ASSOCIATION (INBIA)**

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promote small business development in Latino and immigrant communities in the Northwest. According to NALCAB's Taliaferrow, the organization worked with several small business development agencies, including Salem, Ore.-based MicroEnterprise Resources Initiatives and Training, which helped get a bill passed in the Oregon state legislature mandating that business forms be made available in Spanish, Chinese, Vietnamese, Russian, and Korean. Could such a strategy prove effective across America's cities, where, on average, for every 1% of the population that is Hispanic, the number of ventures per 100 people grows by 2.5%, according to Venture Forward?

Moreover, tracking everyday entrepreneurs may help business incubators and accelerators, as well as others, get a better sense of where gaps exist in certain industries or local economies. Sixty-seven percent of ventures are at least four years old, Venture Forward reports. Entrepreneurs who have kept their ventures going that long have "kind of figured out how their product or service might fit with the market," says InBIA's Ross, who once ran the Advanced Technology Development Center, an Atlanta incubator affiliated with the Georgia Institute of Technology. These entrepreneurs, he says, can benefit from concentrated and accelerated resources that incubators, accelerators, and other organizations can provide. "From an entrepreneur's perspective, they believe, 'If I can just get more capital, I'd be successful.' Capital is necessary but not sufficient," Ross asserts. "Most critical is probably product market fit, really having a compelling value proposition. Many entrepreneurs just fall in love with their ideas and not with market solutions."

More networking opportunities might help here. Such opportunities, especially for female and minority entrepreneurs, are "often invaluable," Ross asserts. Whether it's finding a mentor, introductions to prospective customers, or getting advice on how to run a direct sales channel, networking may be needed by everyday

## SIXTY-SEVEN PERCENT OF VENTURES ARE AT LEAST FOUR YEARS OLD, VENTURE FORWARD REPORTS.

entrepreneurs but is lacking. Consider the fact that only 19% of ventures do business online only, Venture Forward says, while 36% operate both online and offline.

This data is instructive when it comes to skills training, as well. Entrepreneurs and the self-employed often suffer from not having skills in such things as management, finance, or accounting, says the University of Michigan's Barr. This lack of skills training extends to the website that is so often a centerpiece of ventures. As Ehrke notes, many everyday entrepreneurs don't realize that their domain design and content need to continually evolve and not grow stale or irrelevant.

Ross may be correct about the value proposition, but everyday entrepreneurs can't ignore financing if they want to grow. More programs have surfaced, but entrepreneurs still must avail themselves of them if they are even aware they exist. For example, the Small Business Administration (SBA) Microloan Program provides loans of up to \$50,000 to help small enterprises. One participant in this program, Philadelphia-based Finanta, a U.S. Treasury-certified Community Development Financial Institution, capitalizes such loans for affinity lending.

Here again, venture density data could prove pivotal. Communities of micro-entrepreneurs form affinity groups that receive microloans from Finanta and other organizations. Individuals in those groups also get business plan guidance and training in financial and business management. Affinity groups have included deli owners and grocers who have improved their credit enough to receive higher levels of financing. It would stand to reason that other clusters of similar ventures also take advantage of affinity lending

circles. "It's been really successful," Taliaferrow says. "Through a 2019 SBA grant, we're also taking that model from Finanta and having Finanta train other groups on how to start and operate these affinity group lending programs and access SBA funding to help these organizations support these micro-entrepreneurs."

Even more localized loan programs for entrepreneurs exist throughout the country. As one example, Barr points to the Detroit Neighborhood Entrepreneurs Project that is affiliated with the University of Michigan. He also mentions Kiva, a San Francisco-based nonprofit organization that runs an online lending platform linking online lenders to low-income entrepreneurs.

### Creating a Path Forward

The availability of loan, skills training, business planning, financial management, and other programs is only part of any effort to help everyday entrepreneurs advance. The other part is helping them become aware that such aid exists. But for this effort to gain traction, state and local authorities, nonprofit organizers, and others involved in economic development must realize there are venturers out there in force. "The first step, again, is just making it visible," Hagel says about the economic impact such entrepreneurs have had or continue to have with domains and ventures. "My assumption is that (everyday entrepreneurship) is a growing part of the economy in many communities, particularly the communities that are hardest hit in terms of the broader economics, where there's more economic incentive for people to figure out ways to make a living without a job that's classically defined."

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“Unless those resources are **readily available** when the entrepreneur needs it right then and there, they oftentimes **miss out on those things**,” says Charles Ross, CEO of InBIA.

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One of the first and easiest things economic development organizations can do is organize everyday entrepreneurs into working groups, “being a catalyst to bring some of these people together in the local community who are off on their own trying to do things,” Hagel says. The working groups would enable those outside the normal confines of the economy to help and support one other with the problems they face, not just commercially but emotionally. It’s this connectivity that makes ventures not just singular entities but important parts of an even larger initiative. “They develop deep, trust-based relationships with each other, they learn from each other,” he asserts.

Despite the existence of federal and local loan programs, more effort by policymakers must be put into helping everyday entrepreneurs get bank accounts and pressuring financial institutions into facilitating the process. “So many banking institutions do not accept customers that use ITINs (Individual Taxpayer Identification Numbers) or are foreign residents, and that’s a large part of the economy that they’re just dismissing,” says Taliaferrow. “The banking sector can kind of short-circuit a growing economy in the community, especially in rural communities where there is less loan capital.”

Meanwhile, economic development officials must steer everyday entrepreneurs to the resources that are readily available, and not just with a push but also a hug. “How do we make this journey for entrepreneurs less complicated?” says Ross.

Many incubator and accelerator operators are trying to address market gaps they see occurring in their communities by helping everyday entrepreneurs connect with the people and resources that can provide advancement opportunities, he says. But he adds that these operators frequently have their own issues organizing and promoting themselves.

“We just want to make sure as good citizens in our communities that these resources are being used,” Ross notes. “Resources are out there. I’m always amazed that in areas where there could be a great proliferation of resources, however, I always hear entrepreneurs have problems locating them. So, unless those resources are readily available when the entrepreneur needs it right then and there, they oftentimes miss out on those things.”

#### Endnotes

- 1 U.S. Census Bureau, “Vintage 2018 Population Estimates Program,” June 2019, <https://www.census.gov/quickfacts/fact/table/US/RHI725218>
- 2 Sameeksha Desai, Robert Fairlie, and A.J. Herrmann, “2018 National Report on Early-Stage Entrepreneurship in the United States,” Ewing Marion Kauffman Foundation, September 2019, [https://indicators.kauffman.org/wp-content/uploads/sites/2/2019/09/National\\_Report\\_Sept\\_2019.pdf](https://indicators.kauffman.org/wp-content/uploads/sites/2/2019/09/National_Report_Sept_2019.pdf)
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