
Entrepreneurship: Key to Michigan's Economic Turnaround

eCities Luncheon

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Small Business Association of Michigan

Three Economic Development Options

- Hunting vs. Gardening
 - Industry vs. Stage of Business
 - Strategic vs. Political (for lack of a better term)
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Economic Development Strategies

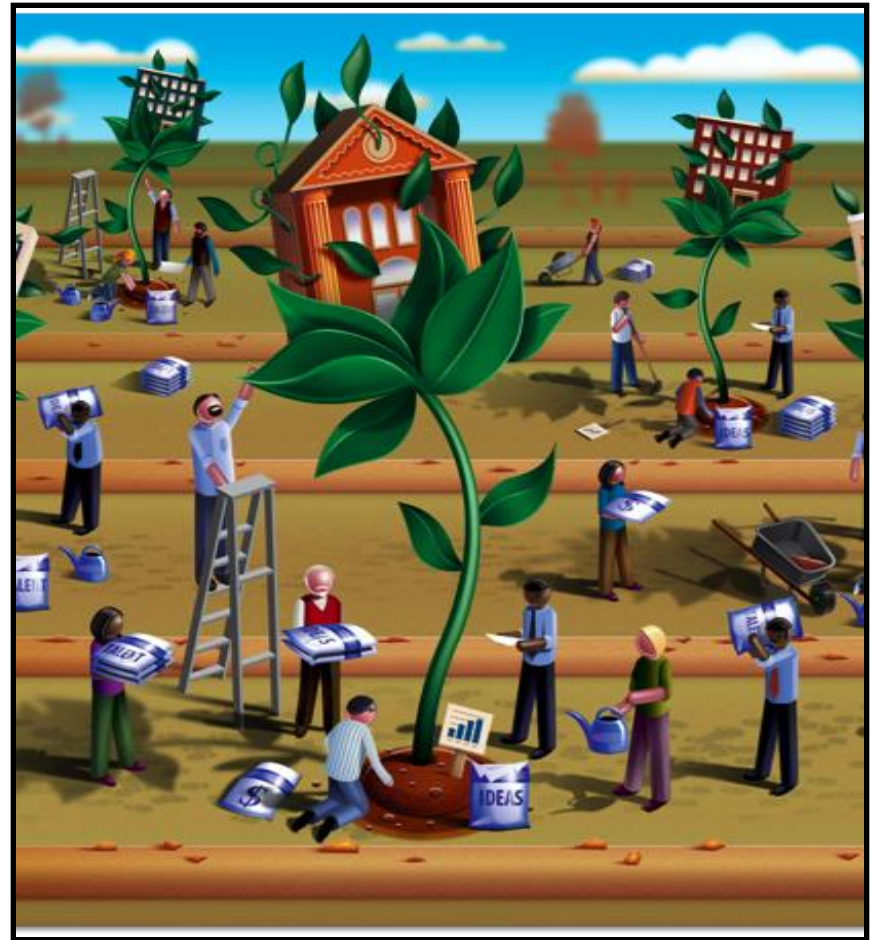


Hunting vs. Gardening

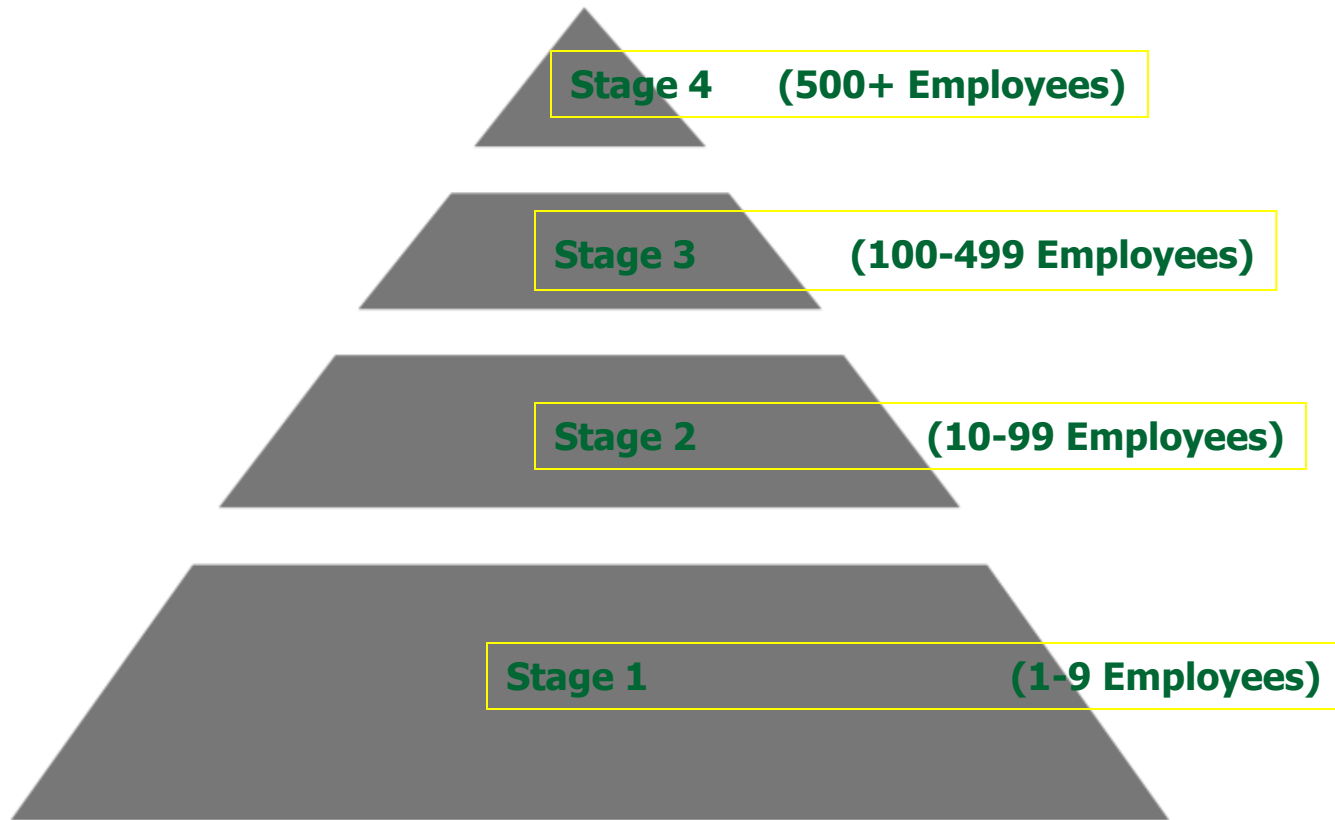
Economic Gardening

An **Entrepreneur Centered** economic growth strategy that complements the traditional practice of recruitment.

Targeting expansion services to **growth companies** for special attention with high-end tools and services.

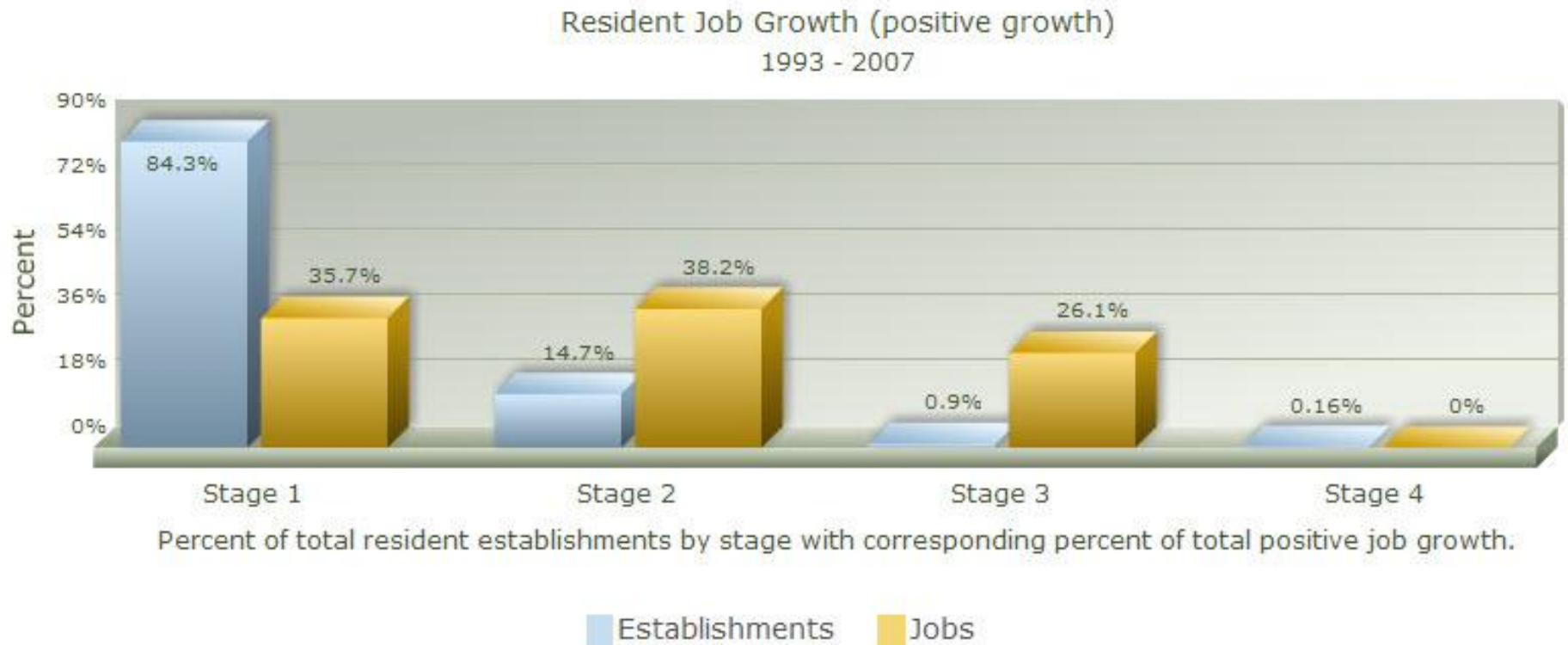


Business Stage Distribution



Stage 1 (1-9 Employees)

Where the Jobs Come From



Jobs: Hunting vs. Gardening

Jobs 1993: 4,897,032 2007: 5,275,234



Percent net change in jobs from beginning of period by opened, expanded and relocated establishments.



A closer look at business activity through time

Powered by the *Edward Lowe* Foundation

- YourEconomy
- Composition
- Growth
- Migration
- Industry
- Entrepreneurship
- User's Guide
- Contact Us

► **About Composition**

Composition shows how establishments and jobs are distributed according to the three employer categories and four growth stages. Composition is YourEconomy's default view because it provides a baseline for seeing what types of employers and stages exist in a region—and their share of establishments and jobs.



MSA Show >

County Show >

MICHIGAN averages

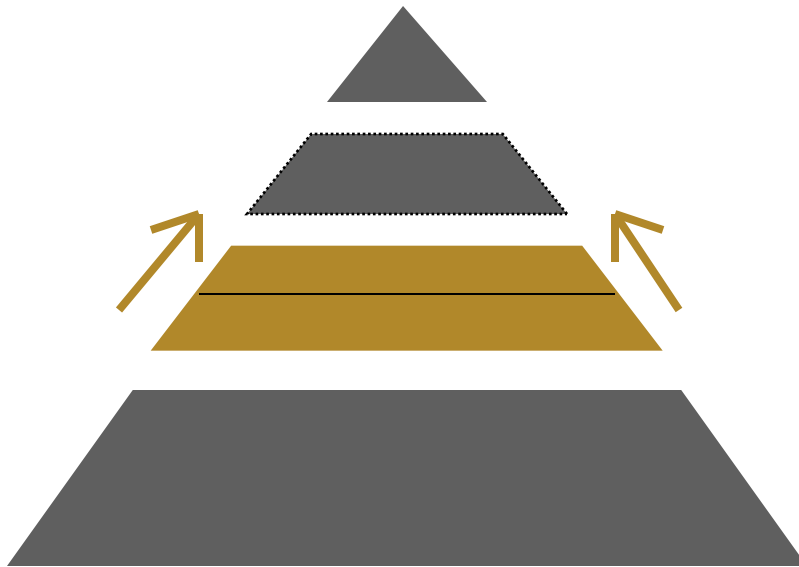
[Details/Print](#)

	2004-2006	1993-2006	3-year vs. 14-year		2004-2006	1993-2006	3-year vs. 14-year
Establishments				Jobs			
Noncommercial	7.5%	7.4%		Noncommercial	16.2%	14.0%	
Nonresident	5.5%	4.9%		Nonresident	20.9%	16.1%	
Resident	87.0%	87.6%		Resident	62.8%	69.9%	
Stage 1 (1-9)	87.9%	86.4%		Stage 1 (1-9)	30.8%	25.8%	
Stage 2 (10-99)	11.4%	12.6%		Stage 2 (10-99)	37.9%	35.9%	
Stage 3 (100-499)	0.66%	0.83%		Stage 3 (100-499)	16.4%	17.7%	
Stage 4 (500+)	0.08%	0.12%		Stage 4 (500+)	14.8%	20.5%	

YourEconomy Data Created from the National Establishment Time Series (NETS) Database
 Provided by the [Edward Lowe Foundation](#) and Walls & Associates

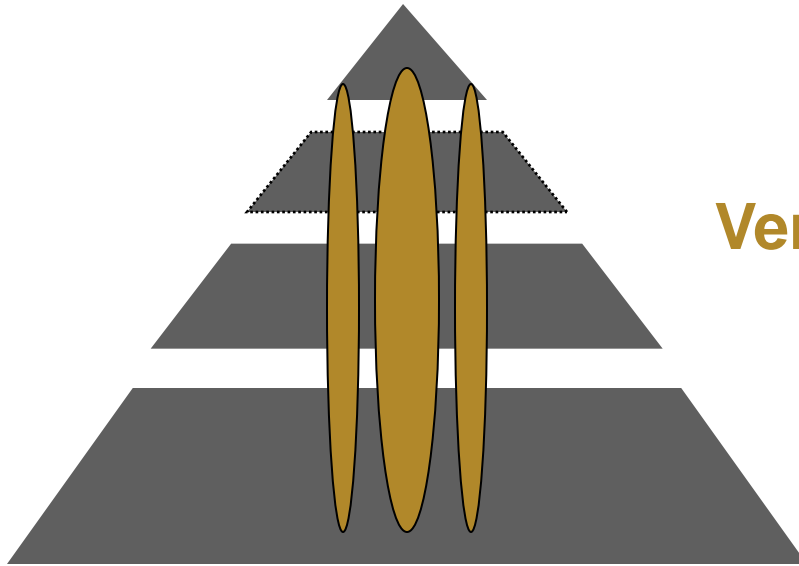
Targeting Industry vs. Stage of Growth

Stages of Development -



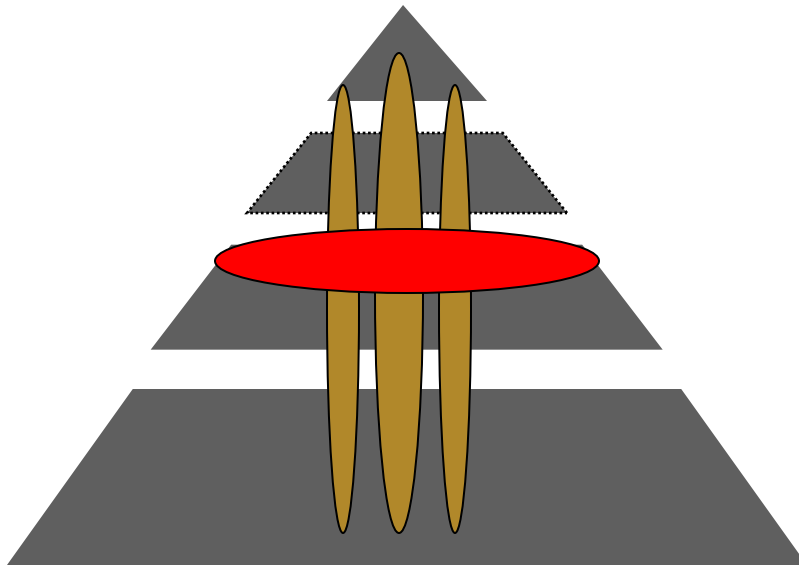
- Stage Four (500+)
 - Stage Three (100 to 499)
 - Stage Two (10 to 99)
 - Stage One (1 to 9)
-

Economic Development By Industry Clusters



**Vertical Industry Clusters
Cover all stages**

Horizontal Cluster – Stage of Business

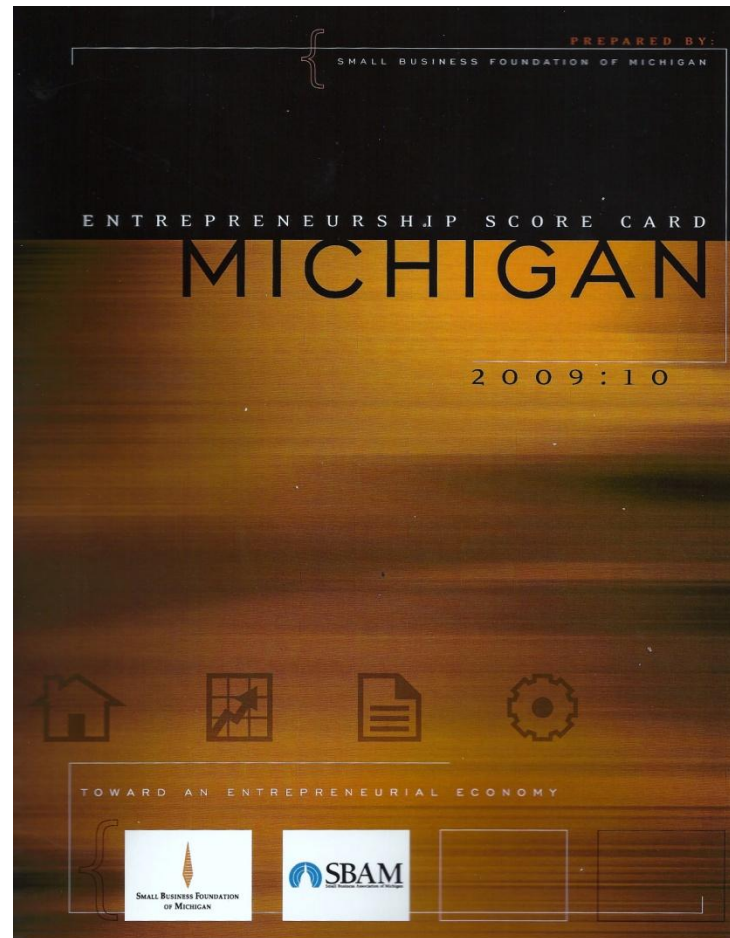


Vertical Industry Clusters
Versus
Horizontal High Growth
Second Stage Clusters

Strategic Policy Development

vs. ???

2009–2010 Entrepreneurship Score Card



Michigan Rank Among all States	2009-10	2008-09	2005-06
<u>Entrepreneurial Dynamism</u>	45 : 50	41 : 50	31 : 50
<ul style="list-style-type: none"> Entrepreneurial Change - The amount of entrepreneurial growth or decline in an economy over the recent three years. 	48 : 50	44 : 50	44 : 50
<ul style="list-style-type: none"> Entrepreneurial Vitality - The level of entrepreneurial activity (pace and robustness of entrepreneurial activity) 	31 : 50	33 : 50	28 : 50
<ul style="list-style-type: none"> Entrepreneurial Climate - The capability of an 	44 : 50	41 : 50	25 : 50

Secondary Metrics	Michigan 2009-10 Rank Among all States	
Education	21 : 50	
Workforce Preparedness	14 : 50	
Business Costs	41 : 50	
Productivity & Labor Supply	39 : 50	
Legal & Regulatory Environment	21 : 50	
Physical Infrastructure	30 : 50	
Digital Connectivity	21 : 50	
Quality of Life	33 : 50	

So What Should We Do About This?

Our To Do List

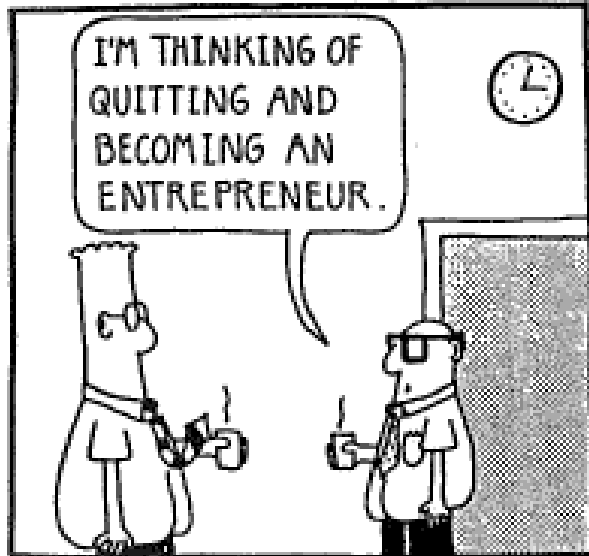
- ✓ Release 2009-2010 Entrepreneurial Scorecard
 - ✓ Review Second Stage Research
 - ✓ Study Results of Pilot Projects
 - ✓ Produce “Economic Gardening” Policy White Paper
 - ✓ Meet with all Gubernatorial Candidates
 - Complete EG Blueprint (October 22)
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What Next?

- *“Propelling a New Economic Direction”*
Blueprint project
 - Convene Policy Experts
 - Simulate Next Governor Transition Team
 - Develop Specific Plans Including:
 - Next MEDC
 - Role of Universities
 - Legislative Package
 - Executive Orders
 - Release By Mid-October
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Economic Gardening Expectations (Predictions)

- Snyder wins
 - MEDC Transformed to EG leader
 - Evolution of the ED Profession
 - Place-based ED strategies lead
 - Rethinking state, regional, local relationship.
 - Local governments that lead with entrepreneurial strategies win
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Thank you!
