

NC State's Approach to Entrepreneurship

<http://ncsu.edu/enitiative/>

Why entrepreneurship:

Entrepreneurs have no lack of creative, innovative ideas but developing and executing a business plan and making a profit are the real indicators of business success. About 23,000 new businesses start each year in North Carolina; and approximately 9,100 fail or close with disruptive impacts on employees, families and communities. By the fourth year, about half of those new businesses have failed.

Who are these entrepreneurs, the engines of our prosperity, where are they located, and what can be done to increase new business start-ups and survival?

They are more than 523,000 self-employed North Carolinians and over 109,000 microenterprise businesses (with less than five employees). Approximately one third are in high technology fields, and the rest in other sectors including, construction, hospitality, health, and many service firms. About 15 percent are firms with the potential for high-growth. They are located in urban and rural counties.

North Carolina is a hothouse for entrepreneurs; but where there are high rates of new business start-up, there is also high turnover and failure. The reasons often include lack of business planning, inadequate seed or early-stage capital, poor financial management, limited understanding of markets, and inefficient production processes.

Researchers on entrepreneurship have recognized that entrepreneurs need educational support, technical assistance, training, access to capital, and a thriving network of community support in both urban and rural areas. They need it from the high schools, community colleges, universities and business communities. A strong local economy can support and attract new businesses and people to the place; a weak one forces people, especially young people, to move.

According to the Kauffman Foundation, which funds entrepreneurial education programs in colleges and universities, about 300 four-year institutions offer courses in entrepreneurship to non-business students, but few universities extend that education and training to the entrepreneurs across their states.

What we are doing:

At the 2007 Entrepreneurship Summit, in Raleigh, Feb. 27, NC State announced its new initiatives to support entrepreneurs and create a statewide entrepreneurial community. We will continue our efforts at growth, retention and recruitment in the economic development regions, but we are focusing on low-income counties in which to build local capacity through entrepreneurship, to provide the education, training and technical assistance needed by young entrepreneurs, serial entrepreneurs and community leaders.

This new initiative will encompass five strategies:

- NC State will expand its team of community economic development extension field faculty. The Small Business and Technology Development Center (SBTDC) will train this team to assist entrepreneurs, small businesses, and microenterprises.
- The SBTDC, partnering with the private sector, is establishing new regional capital funds to increase access to early stage equity funds. We will prepare firms to qualify for such funds and the diverse venture funds of the N. C. Rural Center.

- The Cooperative Extension Service and the Industrial Extension Service will partner with local community colleges and other UNC campuses to provide training in business planning and production efficiencies in both high and low tech industry sectors.
- We are creating a web platform to connect entrepreneurs in diverse industry clusters to the university: <http://ncsu.edu/enitiative/>
- In the classroom, a new academic concentration and expanded minor in entrepreneurship, and experiential learning opportunities for students, will stimulate creativity and build entrepreneurial skills in finance, marketing, and networking. We expect graduates to be able to create jobs as well as find a job.

Next Steps:

In addition to the commitment of current resources, NC State has a \$2.0 million expansion budget request before the legislature that will add field faculty, focus on priority industry clusters in the economic development regions, and support microenterprise firms across the state.

We've seen many front-page stories of North Carolina's success at attracting major new business through tax and other incentives. Tax incentives do not drive the entrepreneur. Entrepreneurs need supportive public policies that reduce training costs, improve productivity, and address health insurance issues. It is the commitment to their ideas to improve products, processes and services, and to their community that drives the entrepreneurial spirit and benefits communities.

An emphasis on entrepreneurship may not lead to a front-page story of two hundred new jobs recruited, but if 25 businesses in an incubator double in size from two to four employees, it is 50 new jobs. If 15% of 1,000 microenterprises grow to 20 employees each, it's nearly 3,000 new jobs. Even if a thousand microenterprises grow only from 2 to 4 employees, such growth should be newsworthy and the educational program cost-effective.

From high tech and biotech to low tech but creative products, this business diversity strengthens our economy, grows local businesses, and creates an attractive environment that makes recruiting new businesses even easier. The entrepreneurial community, as well as the entrepreneurial university, is part of the answer to the global competition of the 21st Century.

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