

# **THINK ENTREPRENEURS: A Call to Action**

## **Integrating Entrepreneurship into the Public Workforce System Throughout America**

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## Executive Summary

Imagine a group of entrepreneurship educators with a 25-year history of education and training and a network of 100 member organizations and their networks exploring DOL-sponsored unemployment system to learn how the system's federal and state-sponsored programs could help people create jobs when theirs disappear. The Consortium for Entrepreneurship Education is that group of educators, and this report reflects their experience with the Public Workforce System. The findings of the report must be addressed in order to truly assist all who are concerned about and working with our nation's unemployed workers. Innovation and creativity—the basic elements of an entrepreneurial mindset—are the keys to making these needed changes. This report focuses on the assistance and resources that communities need in order to make self-employment a viable option, as well as the challenging barriers that exist. Immediate action is required.

**First**, it is essential to understand some basic facts that point to self-employment as a career option and the need to support entrepreneurs effectively for success.

- Small businesses are the foundation of the American economy. The Small Business Administration (SBA) currently reports that of the 27 million businesses in America, 20 million have no employees, and another 4 million have 5 employees or fewer<sup>1</sup>.
- Unemployment in the United States is at a 26-year high (9.4 percent in June 2009), as businesses seek to survive by cutting jobs. The majority of job losses have occurred in large companies, with the highest share among firms with 1000 or more employees. Individual entrepreneurs have been the quickest segment to recover in the current recession<sup>2</sup>.
- Small businesses thrive when people are empowered to use their skills to create products or services that customers need, and often fail when the self-employed lack the basic business skills to create their business for sustainability.
- A major study of the relationship between economic growth and entrepreneurship, sponsored by the Kauffman Foundation and several partners, found that all nations with high levels of entrepreneurial activity had above-average rates of economic growth<sup>3</sup>.

**Second**, it is useful to look at how assistance to job seekers is organized to support entrepreneurship as a career option.

- Funding and leadership are provided to states through DOL Public Workforce System to develop plans and systems for Workforce Investment Boards (WIBs) that pass their strategies to local communities.
- Although business leaders serve on the 600+ WIBs, they rarely consider this system as a way to help people become self-employed or encourage local career centers to provide assistance to potential entrepreneurs.

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<sup>1</sup> <http://www.sba.gov/advo/stats/sbfaq.pdf>

<sup>2</sup> <http://www.dol.gov/opa/media/press/opa/opa20090644.htm>

<sup>3</sup> [http://www.gemconsortium.org/download/1246330200915/GEM\\_Global\\_08.pdf](http://www.gemconsortium.org/download/1246330200915/GEM_Global_08.pdf)

- In a questionnaire, 87 percent of WIB administrators said that entrepreneurship should be included as a career option for the unemployed, but only 43 percent said they “sometimes” consider entrepreneurship as equal to other career options (57 percent said seldom or never)<sup>4</sup>.
- WIB centers that successfully address self-employment/entrepreneurship collaborate with training and mentoring organizations and provide assessment capacities to the local DOL-sponsored One-Stop Career Centers.

We believe that local communities must not overlook opportunities for job seekers to create their own jobs, but **major barriers** currently exist and must be overcome:

- Entrepreneurship is not well established in Federal and statewide policy and execution strategies.
- Staff lacks information and training about self-employment as a career option, including accessibility to resources, technical assistance, outreach efforts, available partnerships, assessment processes, and coordination of available funding options.
- WIB leaders tell us that self-employment outcomes are hard to document for DOL regulations; entrepreneurship does not fit into current methods for measuring performance.

Policy, training, performance indicators, and WIB reward systems should acknowledge entrepreneurship as an effective employment strategy. After all, small businesses are the leading sector of the economy at creating new jobs!

**Specific recommendations** for bringing self-employment/entrepreneurship fully into DOL-sponsored programs for the unemployed are:

1. Pass new federal legislation to break down the silos of community development, economic development, workforce development, and small business legislation in various Federal agencies to optimize our economy and encourage small business creation. The legislation should include funding to support a central coordinator, demonstration projects, and nationwide implementation of cooperation strategies.
2. Build a partnership at the national level that demonstrates the integration of entrepreneurship as a career option in every industry and as one answer to all displacing events. This partnership would include federal agencies for Agriculture, Economic Development, Health and Human Services, Labor, Small Business Administration, and Education, with leadership in policy decisions and professional development nationwide. Convene the leaders of these agencies for a roundtable discussion about the essential needs for entrepreneurship and entrepreneurship education, using the expertise of the Consortium for Entrepreneurship Education to broker continuing meetings.
3. Provide focused on-going self-employment leadership in Federal agencies involved with economic, community, and workforce development through rules, regulations, and

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<sup>4</sup> EMSI Survey of WIB Directors April 2009

legislation that foster entrepreneurial development and self-employment. Promote availability of appropriate federal Web sites and access to the Consortium Web site to provide information for self-employment leadership across all agencies.

4. Train Workforce Investment Boards in every state to implement strategic planning and strategic “doing” around employment opportunities that optimize the resources available in their locations, including opportunities for self-employment. Provide targeted TEGs identifying recommended strategies. Host a session at the National Workforce Development Conference and the National Workforce Boards Conference for state boards and other leaders to focus on successful strategic planning examples that encourage integration of entrepreneurship in the statewide Public Workforce System.
5. Change Federal and State policies to include performance indicators and success factors that focus on changing future economic conditions and recognize the value of entrepreneurship as a career choice. Create policy initiatives that link economic development with workforce development communities and establish environments in which the self-employed can prosper. Business establishment and success should be a continuing focus of the policies. Indicators might include:
  - Business owner accesses needed training in the community
  - New business starts exhibit six specific indicators of success
  - Business has external investors
  - One or more individuals move off welfare.
6. Organize One-Stop Career Centers and other Unemployment Intake Centers to participate in professional development to enhance their orientation to and understanding of opportunities for the unemployed to develop self-sufficiency as entrepreneurs. Create professional development experiences based on staff exploration of model case studies and assessment plans provided by the Consortium for Entrepreneurship Education at their Web site<sup>5</sup>.
7. Modify intake systems for the unemployed to focus on the interests, skills, experiences, and needs of each applicant while maintaining an open mind about employment or entrepreneurial opportunities that best suit the client as s/he seeks self-sufficiency. Practice helping job-seekers use the self-assessment checklist followed by coordination of training and mentoring capacities in the community to serve the needs of each potential entrepreneur.

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<sup>5</sup> [http://www.entre-ed.org/where/unemployment\\_programs](http://www.entre-ed.org/where/unemployment_programs)

8. Encourage partnerships between local organizations that support the training, counseling, and mentoring needs of the unemployed who choose to become entrepreneurs. Avoid duplication of services, and capitalize on the strengths of the partners to deliver needed services. Hold regular meetings with representatives of colleges, community colleges, SBA-sponsored training programs, micro-enterprise assistance providers, community entrepreneur development agencies, and all related providers of training, mentoring, and coaching to potential and new small businesses. Share the One-Stop Career Center assessment process to facilitate selection of appropriate referrals.
9. Help new entrepreneurs establish their businesses as sustainable, tax-paying entities that can be counted as placement successes as they obtain training and plan, develop, and grow their enterprises. Use the tools and processes provided throughout this report to work with establishing and helping businesses succeed.
10. Develop demonstration projects of statewide systems that model recommendations in this report for assisting individuals to become self-employed. This would include revised performance indicators, strategic planning (and doing), “double major” training, community partnerships, training of all staff, and ideas learned through Project GATE about lump sum payments to provide seed capital and aid business start-ups. Evaluate the acceptance of this project’s proposed “Entrepreneurship Values for One-Stop Career Centers” as a result of the demonstration projects.

As you review these recommendations, the authors encourage those involved in the Workforce Investment System to consider the following idea: *A job is work that needs to be done...that someone will pay you to do. For the self-employed, their employer is the customer.*

Despite the current economic climate and acknowledged barriers to success, we believe that these recommendations, implemented with an entrepreneurial mindset, will lead to vigorous growth for individual entrepreneurs, enterprising communities, and the U.S. economy as a whole.