



The Growing and Changing Role of Entrepreneurs in the U.S. Recovery



by Joshua Watkins, esq.

Recent economic turmoil has led to unprecedented governmental actions including short term “fixes” with potentially long term consequences. The 1999 repeal of the Glass-Steagall Act has allowed an isolated crisis (i.e. mortgage backed securities) to threaten the entire economy, therefore “justifying” the short term fixes. The question now is: “How are we going to fix it?”

I can say one thing with certainty: We aren’t going to create leaner, stronger companies by propping them up, merging them together and creating governmental crutches. Ultimately, growth of the U.S. economy will come from new companies and smaller, better competitors. If the big, failing companies want to play and win with the inevitable new competition, they are going to have to get smaller and smarter too.

However, all is not lost. Although the governmental props and crutches get most of the headlines, there is a real renewed interest in growing our way back to prosperity through small and startup businesses.

Locally, we have seen a number of positive changes, many of which started well before the latest economic downturn. The Birmingham Venture Club has been around for years, providing a networking forum and bringing focus to the needs of the startup community. There are new Angel Capital Association additions such as the recently formed local chapter (Birmingham Angel Network) and forming groups in Mobile and the Shoals areas, all of which contribute to the efforts of the already established Huntsville chapter.

Alabama Launchpad, the state’s university business plan competition, is a part of that change as well by encouraging entrepreneurship at the university level. James P. Hayes, president of the Economic Development Partnership of Alabama, said in a 2008 press release, “At its heart, this competition is an economic development catalyst. We know that the talent and expertise for innovative technologies can be found in our educational institutions. This competition is a driver to pull these technologies into the spotlight and to jump-start their funding, so we can support job creation in emerging technologies in this state at the base level.”

The formation of technology incubators such as Innovation Depot in Birmingham and BizTech in Huntsville are also contributing to the support of small and startup businesses in Alabama.

Still, there is a need for more growth and support in the startup community if we are going to give all new businesses the best chance for success. Business owners need access to many resources: startup capital, experienced professional services, and access to experienced leadership. These are all available for some; yet, too many great businesses find the going unnecessarily tough, and this is a spot where government (and some other organizations) is trying to help.

Programs like the SBIR/STTR grant programs for innovations/technology, in addition to many other federal, state and local grants, can be a real spark to help ignite innovation and entrepreneurship. Additionally, the Small Business Administration loan programs have been useful tools for a long time. Other interesting programs can also help such as the Main Street Birmingham’s “Access program” that provides matching grants for discounted professional services costs from experienced providers.

That said, there is a counter argument that entrepreneurship is best done by picking yourself up by your bootstraps and finding your own way. Even some experienced venture capitalists point out that access to additional easy money is not the answer. This was UAB professor Dale Callahan’s message to a group of Birmingham entrepreneurs when he said, “go make money; don’t try to gold plate your business plan.”

Nonetheless, whether by bootstrap or backed by outside funding it is clear that the current economic downturn provides an opportunity for entrepreneurs to again prove their mettle and help lead the way back to a profitable and positive future. The faster they get to it, the better off we will all be.

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