

Convening the New Commons So Place Matters

Chapter on...
**Entrepreneurship
and the Next Economy**
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Something is Happening Here

We are at a moment in time where, in the words of Stephen Stills, we sense: “There is something happening here. What it is ain’t exactly clear.”¹ One thing is clear: we are stuck using a former mind to create the next future. We keep trying to create and experience the 21st century by using 20th century methods and forms. It does not work. History teaches us, at the end of a century, the stories and forms that got us here cannot carry the load of creating the next century.² The previous stories and forms must recede and make room for the next century’s longings for its story, its myth, and its new forms. As the new century unfolds, it blends of the past with the future.

Some themes that are knocking on our doors:

- Citizens with voice and power
- Localized regionalism and more metro applications; not just geography, but also ways of experiencing a culture that cuts across several places
- Creativity and innovation as a way of being and doing
- Economies localize
- Networks run things and not just organizations
- Everything is alive, including the rocks
- Self is not it; focus is not on the individual because communities and relationships shape us more

Our economy, our cities, our villages, our regions need a fresh boost in business, public life, and art and aesthetics. We need the new ideas, like the themes that are knocking, new combinations of disciplines and new markets entrepreneurs thrive on. Entrepreneurs love innovation and boldness. Change is their raw material. Entrepreneurs of all kinds will carry the weight of building the 21st century of commerce, civility, and aesthetics.

The entrepreneurship required today is more than about starting a company. It is essential to taking a company or a city to scale. Moreover, structuring to be as constantly innovating, responding and customizing – the non-negotiable demand of the market – is achievable only through entrepreneurship.

Our next story calls for three kinds of entrepreneurs. There is the commercial entrepreneur that totally uses market forces. There is the social entrepreneur that uses the markets to achieve a social purpose. There is the civic entrepreneur that is in the civic realm rethinking the use of grants and earned income to reshape the civic space.

There are at least four callings for entrepreneurship now. First is from Einstein who said: “You can’t solve a problem with the same thinking that created it.” Second is from the mythologists that say: at the end of one century and the dawn of the next, the old stories and old forms disintegrate. With a new century, it is time for new stories and new forms that blend the best of tradition with invention. Schumpeter brings us the third call in revealing how bloated markets bring about the creative destruction of the current products and services, opening the door for entrepreneurs to step in to innovate. We are

¹ Stephen Stills writer of the song “What It’s Worth” on *Retrospective* produced in 1969 by Buffalo Springfield.

² Michael Meade in *Men and the Water of Life*

again at this point in our economy. The fourth call is the demand for organizational and network agility to respond to market demands for constant innovation.

In effect, our organizations, our economies, and our cities need fresh thinking and fresh approaches. Entrepreneurs by their nature drive for freshness and often boldness. The culture, the companies, the economies, and the sense of place we need next begin with entrepreneurs.

Entrepreneurs don't follow change; they make it. An entrepreneur drives to make history by taking a big idea and making it practical.

So as our story unfolds, we will need some bridge builders who keep one eye on the best of the past and one eye on what the times demand we create. And then help connect the two.

What We Know Creatively Destructs

The industrial economy has ended, and the next economy – one fed by aesthetics and knowledge – has begun, fueled by the vitality and innovation of entrepreneurs. As Joseph Schumpeter described over 60 years ago, the economy ebbs and flows in disequilibrium – creating periods of what Schumpeter called “creative destruction” in which old economic orders fall and new ones rise. Joseph Schumpeter is an economist of entrepreneurship.³ In 1911, Schumpeter observed that an economy is not static or controllable, but dynamic and unpredictable. It churns. It creatively destructs. An economy is thirsty for new knowledge and customers for new benefits and aesthetic experiences. Schumpeter's disequilibria are a sharp contrast to John Maynard Keynes economy of a perfect state equilibrium that never changes.

In Schumpeter's economy, the circular flow is constantly interrupted by innovators and entrepreneurs who –

- Introduce new goods and services
- Add characteristics to existing products
- Design new methods and technology
- Find new raw materials and sources
- Develop new forms of industrial organization
- Forge new combinations among variables

The entrepreneur, driving for change, ignites a chain reaction in the circular flow by introducing a disruptive force – a new product or new distribution channel. With this creative act, a new cycle begins. Innovation draws out those who copy. The market floods with products and services and prices drop. There is over supply and lay-offs occur. A new circular flow erupts when another innovator steps out of the current circular flow to innovate. In order to create new knowledge and new competitive advantages, the structure of the economy destroys “the known” to birth “the new.”

For Schumpeter, innovation sprouted in clusters, either geographically or in components of an industry. Clusters produce waves of new value by accelerating the diffusion of

³ Joseph Schumpeter.

knowledge among cluster elements – entrepreneurs, capitalists, and markets. Clustering is powering the next economy.

Schumpeter saw a market constantly mobilizing invisible information from within itself about its internal changing dynamic. Thus, it is impossible to understand markets only through analysis. Markets are unpredictable and must be “felt” and observed with equal attention to psychology as economic analysis.

The Fourth Economy: Convergence

Historically, our economy has been organized around the role of a worker and what they did. We have experienced the eras of farmer/artisan, laborer and clerk. In the eras of farmer, artisan, and early laborer, creativity and community were bountiful. Creativity was required to get the work done. Community was present because workers relied on the oral transmission of the applied teaching of the elders and teamwork among fellow workers to get the job done. In the second half of the industrial era, and with all of the information/service era, mechanized work took out thinking, creativity, and connecting in conversation with others. Creativity and community went dormant. Now, by necessity, given the huge problems to tackle, they are back.

Building on the economies of the past, we enter the fourth era shaped by the demand for new combinations of art and science in shaping products and services, the emergence and use of innovative human, but virtual networks to build companies and civic organizations, and the risk taking power of the entrepreneur.

In the agrarian era, the prime source of value that was added was land. In the artisan era, it was craft. In the industrial era, it was combining raw materials. In the service era, it was the use of an integrated, predictably controlled process.

In the fourth era, the prime value is the mind and heart creatively applied to opportunities. In this era, creativity is source material, the way of thinking up new combinations. Either new stuff – what is yet to exist, or an innovation – a better way to do what exists. The value added to the customer comes from both creativity *and* innovation as inseparable partners. Constant creating and innovation requires independent judgment and not mechanized, mindless solutions so present in the industrial and service era.

Some describe the next era as the creative or innovative economy,⁴ but that is more about a direction and content than a full descriptor like industrial, or service economies. Such clarity is not yet here. John Howkins says: creativity and innovation is not the end economy, but a means to an end still evolving and to be named.⁵

We live in a world of new combinations, where information will be integrated and processed at greater than lightning speed, where illness will be diagnosed and medicine dispensed by tiny computerized mechanisms created through nanotechnology, where life and work will be improved by advances we can only now begin to imagine. Business, social and aesthetic problems are no longer solvable with a single discipline or function. Andres van Dam the Vice President of Research at Brown University is fond of saying “the

⁴ See Richard Florida. The Rise of the Creative Class. Basic Books. 2002

⁵ John Howkins. The Creative Economy – How People Make Money from Ideas. 2001

whisper in the 60's from *The Graduate* was plastics. The new whisper is nano, info, and bio combined in one elegant solution.”⁶ For Van Dam, what matters is the innovation, which results from the creative application of multiple sources like nano (miniaturized technology), bio (understanding of the body), with information to form a bodily implant that can read and transmit signals and dose medicine inside the body. The new whisper is new combinations.

Knowledge is only part of the economy that is here and coming. Knowledge comes from science – one half of the equation. The knowledge economy omits the power of art and aesthetics. Here, art is not just what is in the galleries or museums, but also the “awakened heart of citizens speaking out about huge and ugly buildings or bad process. Aesthetics arouse our senses aroused and activate us. In effect, we breathe in the world around us.”⁷

Producing the next era of products and services requires fewer raw materials from the earth. Less mass and more knowledge and aesthetics make the value. A sustainable planet is more possible. We will come back to this theme later.

Creativity, innovation and aesthetics will become pervasive. Even the neighborhood grocery store will have to innovate to compete with the chains. Local stores must draw on story telling to express their distinct character and outperform the big stores on service. Finally, neighborhood stores will have to band together as a marketing force or even agreeing on joining forces to collectively provide all the back room functions of the neighborhood businesses as one entity.

The next economy combines science and art, largely eschewing the massive volume of raw materials, which held value in the old, industrial community. Today, value is combining knowledge and aesthetics in the independent thinking of a new kind of worker. In the next economy, the mind and heart of the worker are the primary sources of economic, civic or aesthetic value – in contrast to the industrial economy, where the hands did most of the work. The industrial economy required access to land and capital – steep barriers for urban entrepreneurs – to start and succeed. In the next economy, the barriers to entry are much lower; it is possible to launch and sustain a business from your mind in the spare room or the back yard. Thus, the next economy is one growing force for more economic democracy.

Despite the new freedoms of the next economy, building a business is just as difficult as in the past – and business practices, still rooted in the industrial age, persist. The next economy requires new business practices rooted in the practice of innovation and continuous change.

The mind, and creativity, is a universal resource. Creativity is a basic instinct. It is free. It is as important to our good health as eating food. Every mind has creative potential – it must be tapped for its economic, social, and aesthetic value. The next economy has no bias with regard to class or ethnicity. In fact, the next economy wages will be low, middle, and high.

⁶ Talk delivered to the Providence Foundation, Providence RI, 2002.

⁷ James Hillman, “The Sprit of the City” in *City and Soul*, forthcoming in Spring Publications 2006

Industry Creation: What Needs Doing

We know America has a genius for inventing new industries. So, what is happening here is becoming clearer: new industries, new markets, new ways of being and doing – all yet to be imagined. Creativity and innovation are producing new industries, but neither is the end in mind. Rather only a means to ends we are beginning to see clearer.

What happens when we combine the knowledge of science with the aesthetics of art? What happens when we build upon the experience economy? What happens when we add the Internet? What happens when we add a fragile species on the planet and the call for not only sustainability, but ecological restoration and then regeneration of what has been lost? In what ways will water manufacture? We are really yet to discover what the combination of these “what ifs” will produce for commerce, civility or aesthetics.

Let’s uncover some of what needs doing: New places to practice and then experience democracy? There is a need for new networks that span disciplines, sectors and even connect fringe neighborhoods with the center of a city? There is a need for vibrant local economies where wealth circulates, over-and-over, among citizens buying and trading with each other. There is a need for many new access points to the news we do not hear or see each night. We are yet to discover what business or civic organizations will address these needs.

In most cities, there is a range of business opportunities waiting for urban entrepreneurs. In the home-based micro lending area, there is a need for caterers, house-cleaning cooperatives, childcare cooperatives, and urban gardening. In business services, there is an opportunity to develop an administrative and marketing cooperative to organize all the independent professional contractors. Wherever there is a group of individual professional service providers, there is an opportunity to build a business.

Creativity and innovation also offers new opportunities for channeling the energy of our youth. At-risk kids also have entrepreneurial energies, and young people who have had legal trouble have learned – for better or worse – how to run a business. Why not transform this energy and skill into positive capitalistic pursuits? For example, a Rhode Island developer, The Armory Revival Corporation is desperate to find young artisans who can work as contractors to repair slate roofs, replace cornices, and do other detail work in the restoration of Providence’s extraordinary housing stock. The work is entrepreneurial, creative, and pays well; yet, young people are not entering this trade – leaving only elder professionals with the necessary wisdom, eager to pass it on to the next generation, the only ones left doing the work.

Another opportunity is in the waste stream. Like most states, RI produces too much waste. The Johnston, RI landfill will close by 2008 and there is not comparable land to use. Our options are limited: either we ship our waste out of state (assuming another state will take it, which they won’t) at a premium on taxes, or we reduce or reuse the waste through ecological and sustainable businesses. Ecology and sustainability is a nascent industry ripe for pioneering urban entrepreneurs. Clean-Scape in South Providence, RI is one example of an ecological business that recycles waste and uses previously unemployed, inner city residents, as the workers to do it.

Here is a short list of tough city and regional problems to take on in the next economy:

- Make things smaller and smarter so we reduce mass and materials, contributing to waste reduction
- Urban farming within 5-to-10 miles of a city. In Burlington Vermont, the Intervale produces 8.5% of Burlington's food
- Disaster preparedness
- Community activists and immigrants become small increment developers in neighborhoods
- Oil supplies are post-peak: tackle renewable energy by building local production facilities
- Contribute to the character of our neighborhoods by operating cool retail and services that engage the street and create public space – coffee houses, boutique hotels
- Adult literacy education for immigrants done without grants
- This city like most places has too many cars so create on-demand public transportation and new forms of transit
- Make water – we are going to need it
- Real news and full stories from the streets or the news we don't hear on TV or in the current newspapers
- 21st century public education that turns kids into adults—the next kinds of charter-like schools
- Anything that helps citizens practice democracy - bring back citizenship education and form new kinds of neighborhood associations for the practice of democracy
- Art and technology finally reconnect as “techne” or long lost bosom buddies, each taming the other - who knows the power that will result

Entrepreneurs can solve each of these problems with a business or civic solution within the decade.

Entrepreneurship is Non-Negotiable

Let's begin by considering the traditional thinking about the entrepreneur. The literature on building organizations, started by entrepreneurs, often presents two ways out once the entrepreneur reaches his or her assumed plateau. One is cash out. Second, is to bring in an executive manager to run the company. Both choices too often lead to an organization that is too rigid, inflexible to innovate. Both choices assume entrepreneurs are only starters and cannot build for the long haul *with* managers.

The third option is entrepreneurship serves as the core organizing principle for the continued building of a company or a city. Rather than layer bureaucracy over entrepreneurs, design the structure to capitalize on the mindset and skills of entrepreneurship. In this approach, entrepreneurship is the center of the business for accountability and responsibility of every worker regardless of role. Instead of installing business management/systems to control – or as too often is the case eliminate – entrepreneurship. Instead, design the structure to effectively mix and balance entrepreneurship and management systems as a creative tension.

We need entrepreneurs, more than ever, to take on some of the big problems of the world, especially of furthering our sense place and restoring or regenerating ecology. Our next problems are about sustaining and restoring the species and creating more local economies. How do we make energy that is renewable? How to turn trash into useful products? How to make things smaller and smarter so we use less mass? How to make more houses for more people in tighter spaces, like cities, that are built denser, but not ugly and not out of scale with place? The era of single family housing is coming to an end. How to build engaging neighborhoods where businesses with character and sense of community define the place? How do we make new city places for public meandering and conversation?

To make solutions for these problems, we need to shift minds and practice to see the city is nature and not just what is found in the woods. We need to see the next economy as the convergence of art & aesthetics and science & knowledge. After all, as we said earlier, the America genius is inventing new industries. What industries will come to life when art and science come together?

We need to see the next kind of entrepreneurial companies as federations of entrepreneurs operating as a family of brands. We need to foster economic democracy and entrepreneurship is one tool for self-sufficiency and not a government handout.

We need to accept that 21st century economies require place to be at the center of things. Cities are the natural incubator and sustainers of entrepreneurs and entrepreneurial companies. Incubation is less about the government supported service organizations or physical business incubators popular in the 60's and 70's and more about creating opportunities for entrepreneurs to connect and combust together. It is a culture of entrepreneurs we are after. It is a community of entrepreneurs we want to experience. We need entrepreneurial cities.

Entrepreneurs break rules and make new rules in the market. One way to think about rule breaking is Schumpeter's, creative destruction, to explain what happens in the economic cycle when the market is blotted with products. Entrepreneurs step in and creatively destruct the old cycle – breaking the rules – reviving the economy with innovation in products that far out perform/add more value than the old stuff. Think about the shift from CD's to iPods, mail to Fedx, fax to email.

Our next economies, here and in the region, require a lot more entrepreneurs doing more heavy lifting than we have currently. We need a thousand entrepreneurial flowers blooming in a garden of many colors, types and sizes in our towns, cities, and regions. Cities and regions require a lot of rule breaking to get out of silo-only functioning. Entrepreneurs will be the first folks who will create the new business models progressive economic development professionals call for.

Ecology and Place

A story about the origin of a place I love, Providence, RI: New England's long tolerance for unconventional ways of thinking and living is rooted in place. This is what Roger Williams, the founder of Providence, called "a bold and lively experiment with soul and

religious freedom for all.”⁸ This origin story built a place of creative ferment, where old money and new immigrants eventually launched the American industrial revolution in Samuel Slater’s cotton mill on the banks of the Blackstone River in Pawtucket RI, subsequently bringing wealth to the rest of the region. As Kip Bergstrom, Director of the RI Economic Policy Council describes it: “Tolerance breeds diversity. Diversity of ideas and talent colliding is a pre-requisite for innovation. Several decades later, entering Roger William’s space of tolerance and innovation is Moses Brown, the first venture capitalist, who invests in Samuel Slater, the first industrial entrepreneur at Slater Mill in Pawtucket, RI. Slater got a piece of the company.”⁹ Slater, expressing his soul freedom, gave birth to the industrial era. This revolution quickly spread up the Blackstone Valley to Worcester and Lowell, MA continuing to Nashua, NH and then over to Fall River, MA.

As George Mason University Mellon economic policy expert, Richard Florida has eloquently noted in his book *The Rise of the Creative Class*,¹⁰ the creative thinkers of the next economy long for a place of authenticity and community. They long for places like New England. Places like Providence. Places like Silver City, New Mexico. Places like Northampton, MA. Places like Bellingham, Washington. This need goes beyond our soul’s desire for community. The next economy requires what Robert Axelrod of the Brookings Institute calls “a clustering of creative agents”¹¹ – ensembles of talent that form and morph to build the next new thing. The next generation of companies and organizations thrive in places that support a creative ecosystem of investors, irritants, scientists, artists, talent, and catalysts – all of the diverse and mutually dependent elements that fuel innovation and business building, organized as a network of networks. Authentic places are throughout this country where ideas and connections move fast, where creative agents come together without impediment, and where creative resources are plentiful. Places that can feed the entrepreneurial soul, where the next economy will ignite from the combustion of diverse talent colliding.

Talent comes together based on trust and respect, which is earned from knowing in one’s gut, or by trusted referral, that the person will stand, shoulder-to-shoulder, with you. Effective clustering of talent occurs in places where there is thick network of layered relationships connected by trust. This is a creative community.

Place and community are symbiotic; what affects one, touches the other and vice a versa. We need an expanded ecosystem to encompass biology, ecology, community and geography of place. In this way, culture, people, and land become mutually dependent. Building this diverse human and biological ecosystem is our next work.

In an ecosystem all the parts function as a mutually dependent system. People serve each other and the earth, and in turn, the earth serves people. The existence of each requires the presence of all others. Elements live off of each other – one elements waste is another’s food.¹² Each provides mutual aid for each other and helps the others survive.

⁸ This is the thinking of Roger Williams, the founder of Providence RI, which is incorporated in the state constitution of RI.

⁹ As told in 2003 in the opening, “theatre of innovation” at the first Entrepreneurship Forum of New England.

¹⁰ From *The Rise of the Creative Class*, Basic Books, 2002.

¹¹ Ibid.

¹² Michael Braungart and Will McDonough. *Cradle to Cradle*. North Point Press. 2002.

There is structure and spontaneity in the relationships. Elements advance based on both co-evolution and co-determination among them. This is the kind of human, biological, and geographical ecosystem to evolve next.

New England gave birth to the commons where land was owned in common, first notices were posted, cattle grazed, and early town meetings were held. The Midwest had its grange halls and the southwest their piazzas. These early forms of commons served to first build local commerce and community. We are ready for the new commons where people from diverse walks of life and views can come together to practice democracy, trade goods and views, and rebuild the community centered in place.

The new commons is not one place, but many places. It is part town hall, part grange hall, part third place like Ray Oldenburg's old coffee shops, barber shops, and corner taverns¹³. It is like the bazaars of ancient Istanbul or Lisbon where goods were for sale in dense spaces of trading. The hum of the *polis* – the Greek term for city-state, from which the term 'politics' is derived. – was felt in such places. In early Greece the agora – the bazaar – was the training ground for democracy. And that is what the new commons strives to create.

The challenges before us – economically, culturally, socially, or ecologically – require fresh thinking, and deeper connectivity among differences so new combinations can combust. This too is the work of the new commons built on the premise of a new ecosystem of both people and the planet aligned.

What is an Entrepreneur?

Entrepreneurship as it was Described in the 70's and 80's

In the early 80's I began to study entrepreneurs. What follows is a synopsis of that early research. First some quotes:

Entrepreneurs see products no one has thought of to fill needs that one knew existed.

- Author Unknown

The entrepreneur makes a choice between head and heart and chooses heart. The head can distinguish right from wrong, but the heart will not permit a wrongful act.

- David Silver

What makes the successful entrepreneur is the capacity to absorb pain without becoming immobilized.

- Ross Perot

Entrepreneurs believe they could do it again.

- Robert Wilson

¹³ Ray Oldenburg. *The Great Good Places*. 1989. Paragon House. Oldenburg presents three kinds of places we use: home as first, work as second and places to hang out as third.

Entrepreneurs need only remember the key qualities that have made for their success in the past — the courage to be different, to create markets where none existed before, and to invent radically new ways of doing business. Wherever there's turmoil, there's indecision; and wherever there's indecision, there's opportunity.

- Don Valentine

To survive, corporations will have to become a confederation of entrepreneurs.

- Norman Macrae

Entrepreneurs don't bring problems; they bring opportunities.

- Joe Mancuso

What distinguishes the entrepreneur. . .the ability to look with the clear and curious eye of a child at a volatile and uncertain landscape and see nothing but the bright colors of opportunity.

- George Gendron

When the Chinese write the word "crisis," they do so in two characters, one meaning danger the other opportunity.

- Old Proverb

As I grow older my need for approval leaves. I can't maintain the correctness anymore. My time is coming in now, it can't be wasted, so I do what I have longed to do – be true to myself by working for myself.

- Bernie Schwartz

From the historical literature on entrepreneurship: The earliest reference to an entrepreneur in the Oxford English Dictionary postulated that person as "The director...of a public musical. The one who 'gets up' entertainments." The OED goes on to state, "One who undertakes an enterprise; one who owns and manages a business; a person who takes the risk of profit or loss."

Webster defines the entrepreneur as one who organizes, manages and assumes the risks of a business or enterprise. David McClelland defines the entrepreneur as someone who exercises some control over the means of production and produces more than self consumption in order to sell (or exchange) it for individual (or household) income.¹⁴ Rosabeth Moss Kanter noted that: "Entrepreneurs operate at the edge of their competence, focusing more on their resources and pursuing what they don't yet know, than controlling what they already know." In sum, they see products no one has thought of, to fill needs that no one knew existed.

Entrepreneurs are characterized as strong individuals, born optimists, who create opportunities. They set reasonable and obtainable objectives. They are people who have ideas and dreams or visions which push them to success. Entrepreneurs are moderate risk takers who pit their skills and abilities against another or against a situation. They will take a risk based on skill and will compensate the risk with energy. Entrepreneurs have a

¹⁴ David McClelland. The Impact of Achievement Training on Small Business. California Management Review. 1979.

desire to be their own bosses, not solely for monetary purposes, but for the sheer delight of being on their own.

According to Joe Mancuso, entrepreneurs are usually the oldest in the family, and 70% of them are first born.¹⁵ For the most part, entrepreneurs have a high need for achievement. There is no choice but to strike out on their own as entrepreneurs can only work for someone else for a while. Mancuso describes entrepreneurs as sponges of knowledge who view education as a process. Entrepreneurs are creative people who identify their work with themselves, and with the company they want to build.

Based on decades of research, McClelland identified six basic characteristics of entrepreneurs: Moderate risk taking, the ability to deal with uncertainty, a long term outlook, creativity, persistence, and high energy. McClelland further determined that entrepreneurial traits were randomly distributed, albeit it sometimes latent, in the population. He demonstrated that entrepreneurship can be taught, but only to those with the traits either present or latent.¹⁶

Culled from all these studies in 1983,¹⁷ the drivers that continually appeared to me were:

High Need for Achievement — Drive for a standard of excellence.

Moderate risk taking — Thrives on uncertainty, more than routine with risk inherent in the commitment of present resources to future expectations.

Energetic and Innovative — Uses stamina and a positive outlook to do one thing well, in a new way.

Individual responsibility — Wants to influence outcomes and events.

Knowledge of results — To create something tangible where nothing existed. Money is a measure of success, not an end in itself.

Long view and Vision — Anticipates and invests in the future; foregoes the short term.

Heart — Compassionate and idealistic.

Donald Dible analyzed external and internal factors that motivate entrepreneurs. The factors external to the organization include: The desire to be their own bosses, the desire for fame, the desire for personal fortune, and the pure joy of winning.¹⁸

But many entrepreneurs get their start while working in an organization. Dible goes on to analyze the factors internal to the organization that push entrepreneurs out the door. They include:

* Inadequate organizational communications.

* Inequity between major contributions made and financial rewards.

¹⁵ Taken from a workshop, held at the Entrepreneurial Center in Worcester, MA, in 1981 and lead by Mancuso.

¹⁶ The paper that presents this work can not be found in my archives.

¹⁷ I began a study of entrepreneurship in 1983 because I was fascinated by the relationship and similarities of the artist, entrepreneur and agent of change as a way to understand what can be done to focus people on achieving a social purpose. These seven drivers were my summary of entrepreneurial thinking at the time. The product of that period was a booklet called: Entrepreneur as Artist, Leader and Agent of Change.

¹⁸ The references for Dible are lost.

- * Unclear promotion and salary policies.
- * Extreme organizational politics or nepotism.

Entrepreneurship Thinking in 2003

Come forward to 2003: Much of the earlier research is still relevant. But action research in the context of the next economy is getting at the next edges of entrepreneurship for creating new business forms and the idea of entrepreneurial cities. The evolved description of the entrepreneurial qualities and the innovative practices come from action research with entrepreneurs since 2003.

There are many business people in the country building the next economy. Yet, not every businessperson is an entrepreneur. What sets an entrepreneur apart and the companies they build is the integration of the six qualities he or she lives daily in every business or civic decision.

We know entrepreneurs change the business and civic landscape. They open and lead markets. They innovate. They take risks. Change is their friend. Entrepreneurs use the business to express their character. These qualities are drivers for them and define the companies they build:

- Dreamer: Executing a big idea of how something can be better and different
- Innovator: Demonstrates how the new combination outperforms current practice
- Passionate: Expressive so there is energy resonating with others
- Risk taker: Pursues the dream without all the resources lined up at the start and distributes the risk over a network of capabilities
- Dogged Committer: Tenacious with executing by navigating the business through the peaks and valleys to make it work
- Continuous Learner: Constantly curious, teaching, teachable, inquiring, to find the edges that differentiate

In the next economy, entrepreneurship is a profession and a practice. There is a body of knowledge to learn and transmit, which goes beyond a specific industry like technology or design. Like the guilds of old, the knowledge is best stored in a professional community for universal access. The community welcomes the young emerging as well as the middle-aged entrepreneurs. It embodies the serial, seasoned entrepreneurs. These elders hold out ladders of access for the younger entrepreneurs to grab. The wisdom of elders mentoring entrepreneurs makes the community rich.

Founded in 2003, the theme of the Entrepreneurship Forum of New England is "Entrepreneurship is a tough way of life...but we wouldn't have it any other way!"¹⁹ It is tough because no cushion of support exists underneath you like a corporation. It is tough because it requires enormous levels of energy and commitment when the rewards are not fixed, but dependent on performance and the vagaries of many forces not in your control. It is tough because you cannot blame the boss. But, as entrepreneurs, we would not have it any other way because of the joys, passion, independence, and community you experience.

¹⁹ Entrepreneurship Forum of New England 2003: www.efne.org. The author is one of the founders of EFNE.

Entrepreneurship is way of being. There is longing for work/life integration. There is a desire for a sense of community and connection to fellow entrepreneurs.

There is as a demand for a community of practicing entrepreneurs, learning from each other. Simply said, it is a space and place shaped by sharing practical learning among colleagues. The focus is learn-by-doing and reflection. It is a community of practice. It is fun. It is a about shaping the next story of entrepreneurship in the region. It is about meeting your next partners. It is experiencing the power of associating with others who are practicing the profession of entrepreneurship. It is culture building.

Tolerance, innovation, and risk taking shape the entrepreneurial culture we are building together in EFNE. The creative era is about convergence: both the entrepreneur and the community are symbiotic – joined at the hip. The success and failure of each helps the other learn and get stronger. One can't succeed without the other.

New Formations for the Next Economy

Imagine new combinations of entrepreneurs, working in different settings, depending on their focus. All entrepreneurial types apply the six entrepreneurial qualities – dreamer, innovator, passionate, risk taker, dogged committer, and continuous learner – in all settings. The construct would look like this:

Setting (milieu)	Type/Role	New Entrepreneurial Ventures using the Six Qualities of Entrepreneur
Market Forces	Commercial Entrepreneur	... builds a commercial enterprise
	Discipline Oriented Entrepreneurs in either: <ul style="list-style-type: none"> • Technology • Design • Life Sciences • Arts/Culture • and more... 	...apply the know-how from science or aesthetics from art, from their discipline to build the business.
↑	Social entrepreneur (Works in both settings to bridge the market and community)	
↓	↓	
Place & Community	Civic entrepreneur	...uses new forms of civic engagement to do community building.
	Community architect	...invents and uses networks of networks to mobilize civic and commercial resources to achieve civic outcomes.
	Social activist	...as an irritant and provocateur of civic concerns.
	Public Artist	...Uses the public realm to foster community aesthetics
	Soul Makter Tends to origins and story of the place

Entrepreneurs are considered only commercial and not social entrepreneurs like Ben Cohen, of Ben And Jerry's, who used the market forces to serve a social purpose, or Martin Luther King, a civic or moral entrepreneur, who creatively destructed the old cycle about race relations. His moral entrepreneurship changed the conversation on race. For a few short years, King forced our country to hold a rare national community conversation on race. This was only the second national conversation, shaped by entrepreneurship, in my lifetime, with the first Kennedy's Apollo project.

The bridge building required to connect the past and the future will be done by the other roles in the chart: community architect, social activist, public artist, and soul maker. These folks are blenders.

What Guides You – A Corporate or Entrepreneurial Mind?

	Corporate Mind	Entrepreneur's Mind
Orientation to change	Change is too often a threat, not necessarily your friend	Change fuels your business; change is your friend and competitive advantage
Mindset for risk	Mitigate or limit liabilities; too often unable to step into an opportunity unless all resources are lined up first	Pursue the opportunity, leverage assets; accept liabilities or downsides as givens and do not fret much – risk is at the heart of entrepreneurship
Use of organizational structure	Functional “stove pipes” with command and control from the top	Agile for continuous innovation – a federation of entrepreneurs
Your character matters	Expressing character is not that important and often not encouraged	Being true to your essence, what you are on the planet to do, matters
Expressing creativity	Prefer to work a proven model	Build something from nothing – business is a creative act; you do adopt proven practices that fit

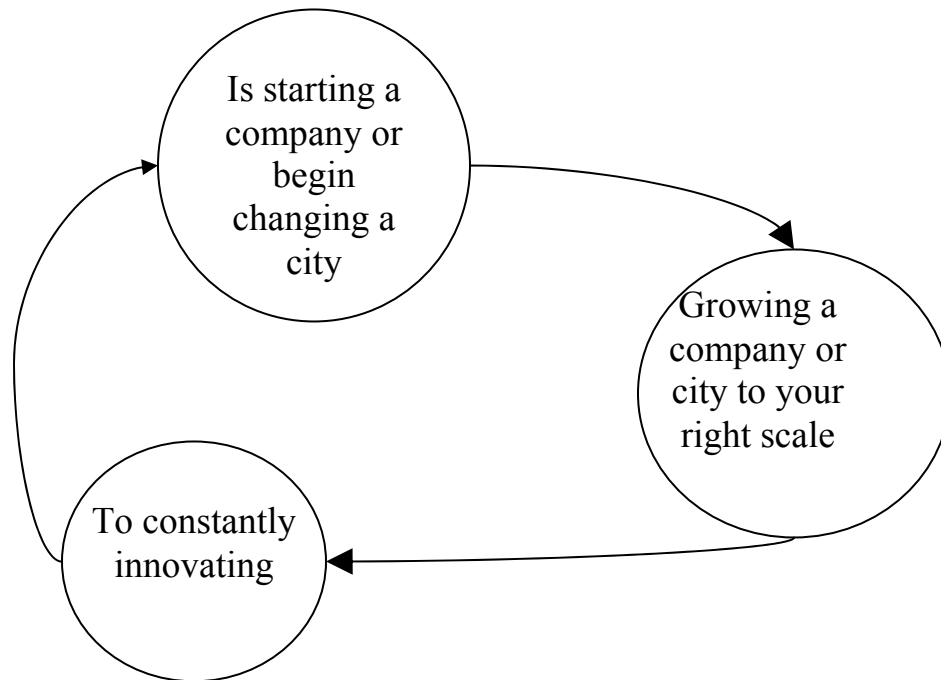
Entrepreneurship is Not Just Start-Ups

It is a way of being.

It is a way of thinking about the business or a city forever.

It is a way to go to scale.

It is a way to build a constantly innovating company or city.



A Community of Entrepreneurs

As we have been evolving in this paper, the beginning of the 21st century will be defined and punctuated by those rare souls among us who dream and do, imagine and create one of which is: the entrepreneur. Our success in the next economy depends on our ability to carry the genetic memory of our economic and cultural past into our future, re-integrating art and science, to create an economic system based on innovation, sustainability/ restoration/regeneration, tolerance, and diversity. This synthesis of art and science manifests in an economy built by entrepreneurs and companies working in local and regional economies such as design, technology, art and culture, biomedical science, ecology, and innovation services.

We are at the end of Schumpeter's economic cycle where the economy is bloated with goods and services. Corporate talent is tired of downsizing. For them independence is less of a risk than the threat of an axe by a corporation. Women are taking charge of their future through entrepreneurship. Immigrants enter the country looking for self-sufficiency and not a hand out: "Help us translate our native know-how into entrepreneurial

opportunity.”²⁰ Young people are locked-out of public education because the system lives on two old metaphors: the farm (go home early to work the farm) and industrial production line (sequential periods of instruction). Young people in high school and college are random, self-directed learners.²¹ The system ignores how young people learn so they strike out to discover the freedom of entrepreneurship.

The next challenge is unleashed entrepreneur, with fresh solutions, creatively destructing the old way to build a new order. The new order requires diverse kinds of entrepreneurs: Design entrepreneurs. Social entrepreneurs. Artist entrepreneurs. Moral entrepreneurs. Biomedical entrepreneurs. Ecological entrepreneurs. Neighborhood entrepreneurs. Youth entrepreneurs. Immigrant entrepreneurs. Technology entrepreneurs. Each represents one niche of any region’s next economy.

At the top of the list of new order actions: creation of a vibrant, self-nourishing community of entrepreneurs. These are the ones who assume the risk without knowing where all the resources will come from, or even all the bends in the road. These are the ones for whom a passionate calling and innovation are like food and drink. These folks are constantly building the next way – whether they are running a startup tech firm, leading an established company, or growing a neighborhood community. These are the ones for who risk and failure is second nature.

Entrepreneurs look for new ways to satisfy customers and new markets. The primary orientation is different and better.²² It is a pioneering mind set. This translates into entrepreneurship as a way of being and doing. Living the individuality of one’s character matters as much as doing the business. In fact, individuality of character is the means to delivering business results.

Next Story of Entrepreneurship

There is an old and new story of entrepreneurship. The old story was access to capital, and land was they only way to get started. This required the entrepreneur to initially connect to wealth as sources of investment. The old story was select, solo entrepreneurs. In the 80’s and 90’s, the story was of bold and successful technology entrepreneurs on very quick ramp-ups. Their story was about the single entrepreneur: finding the angel investor; getting the right business plan; building the team; courting the venture capitalist; doing an IPO (initial public offering), and cashing out. This story still has legs; but it is not universal enough to carry the diverse array of entrepreneurs who must work in a local community to build the next economy.²³

Today, this community of tolerance seeds a new story of entrepreneurship. It is a future story with some possible threads more than a prediction. Some threads: The conditions are ripe for innovation – the collision and combustion of ideas and talent. Regional thinking is evolving: Local, regional, and global economies nest. Authentic places matter: creative

²⁰ Tomas Avila in a personal interview with this leader of the Southern New England regional Latino community.

²¹ Frank Newman in the PEW Futures Project.

²² Peter Drucker in *Innovation and Entrepreneurship*, Harper and Row 1985.

²³ Research shows that 97.5% of all start-ups start without outside investment; they are bootstrapped.

agents want to live and work where they connect and feel the presence of others. Town centers matter again. Be in-sync with nature: A sustainable, natural ecology is a natural outcome in an era of creativity, which relies on less mass of materials and more knowledge and aesthetics. Many authentic places, like Providence, hold the cultural and economic ingredients to mobilize entrepreneurs to take innovations to scale.

Economic democracy is more possible in an economy of innovation where businesses start in the mind with an idea more than with land and capital. Bootstrap the business by getting customers and using cash flow will be equally, if not more prevalent, as recruiting investors. Every employee is an owner with a stake in the outcomes. Learning and the wisdom of others, and cash are equally vital for success. Today's entrepreneurs are about difference and diversity in ethnicity, disciplines and scale of business.

Some further threads to weave for the next entrepreneur's story. Business building will follow a long-term, patient gestation cycle: Firms last longer built from the inside out.²⁴ Entrepreneur as "Lone Ranger" is mostly dead; new game is forming...an ensemble of entrepreneurs at the start, each with a piece of the know-how essential to providing the complete business or civic solution. Elaborate, formula-based business plans are optional, but continuous real-time planning is essential to hone focus and the pitch.

Above all, community is vital. A community is essential where tools, resources, and talent coalesce, cluster, collide, and combust to shape the fourth economic era – an era of creativity.

Entrepreneurial Business Model Practices

Entrepreneurs are out to innovate. They change the rules of the market and of the industry. Next generation business models are coming on line. These practices come from action research, begun in 2002, with entrepreneurs in the Entrepreneurship Forum of New England (EFNE) as their building blocks for 21st century companies. EFNE focuses on evolving the next practices for entrepreneurial companies to use to build 21st century companies that constantly innovate.

Strategy

Continuous scenario planning: Learn to navigate "down the middle" among viable and possible future stories as the economy restructures.

Challenging the Gospel of Growth and Fostering Workplace Democracy: The mantra is no longer growth for growth's sake, but conscious growth; growth chosen because it is the right thing to do at the time. Workplace democracy is giving every worker the opportunity to both reap the wealth and control the building of the business.²⁵

Growing the Market

Balancing bi-directional markets where one market is composed of innovators requiring one message. The other market is conservative requiring a different message. Moreover,

²⁴ Built to Last by James Collins

²⁵ John Abrams. The Company We Keep. Chelsea Green Publishing. 2005

learn to pass messages between the markets so they learn about the other. An anthem to consider: “Be the product you are promoting.”

“Chasm crossing” marketing by executing innovation in marketing by moving strategy and tactics, from what was used to reach the early market of innovators, to reaching the mature market – “crossing the chasm” requires a different pitch for the mature market.²⁶

Internationalizing markets and workers by discerning the core competence to retain and what to outsource, where your core competence is what sits at the top of your value chain to deliver customer value.

Balance push/pull in the market by knowing when to invent and push versus when to let the market pull.

Core Values

Communication agreements: Use core agreements to communicate with customers and staff. Core agreements are non-negotiable givens.

Covenant of “in trust.” When someone makes a commitment to the company, it is a relationship “in trust.” Investors trust us with their capital. Professionals trust us with their careers. Customers trust us with their money. Quoting one EFNE entrepreneur in residence: “As a leader it is my job to honor these relationships and live up to the expectations.”²⁷

Openness and Transparency: How to operate a business with openness and transparency to build trust and loyalty. Turn every worker into a business-minded person using open books, open sourcing, open policies, and an open work environment.

Entrepreneurial Structures

Operating as a federation of entrepreneurs by building and operate a company as an ensemble of talent, a family of brands, or a network of businesses.

Network building: How do you conduct business by managing a network of complex and competing partnerships?

Business cooperative: How do you use a cooperative to grow a cluster of locally sustainable businesses?

Co-CEOs: Two people share leadership and divide the duties. There is equal everything: Salaries and presentations to shareholders. They don’t use an outside mediator. Rather they “beat it out of each other” until they agree.²⁸

²⁶ Geoffrey Moore. *Crossing the Chasm*. Harper Business. 1999.

²⁷ Brad Waugh, founder of Watch Hill Partners.

²⁸ Meryl Moss, Co-CEO of Coastal Medical in Providence, RI.

New Forms of Capitalization

Bootstrapping: Start a company using cash flow from customers.

Build a support network to ensure emotional support by contracting with friends, families and mentors for certain probes and challenges. One entrepreneur in EFNE created a truth sayers group to show him the stuff he was blind to.

Tapping Intellectual capital: Use knowledge and best practice as capital and foster a climate of continuous learning to grow the business.

Performance

Performance based wealth sharing. How do you spread the wealth among employees, based on contribution and performance to engender commitment?

Use Team performance compensation. How do you compensate team performance and not just individual contributors?

Account for four bottom lines. How to build a company by integrating four objectives -- all directed toward sustainability: natural world, the local community/sense of place, the community inside the company, and in a value chain among a cluster of businesses in the locality.

How do you maximize yield/return on immense investments in infrastructure in buildings and technology?

Entrepreneur's Strategy Matrix

The matrix was used as the primary tool for an interactive workshop conducted by the author at the National Business Incubator Association in Baltimore, Maryland, in 2005. The group collectively filled in the matrix. Our aim was to insert a practice in each cell in each part of the matrix. Absent a practice, a better question, an image to hold or an idea to entertain was a great start! At the end of each section, a few nuggets – what rose to the top as the essence – are found.

The Market at each Phase or Stage

Starting	Going to Scale	Constantly Innovating
<p>Herculean efforts to convince market of viability of offerings, innovators work at the business and early adapters make-up the customer base.</p> <p>Establish market problem, need and problem to be solved.</p> <p>Market profile and segmentation.</p> <p>Conduct a small feasibility study or demographic study.</p> <p>Conceptualize solution of product, service.</p> <p>Pricing structure to establish “credibility” by getting the first deal.</p> <p>Informal partnerships.</p> <p>Management team does the marketing.</p>	<p>The mainstream market becomes the businesses partner.</p> <p>Formalizing partnerships.</p> <p>Take on professional relationships for marketing.</p> <p>Use a non-direct relationship to market interaction.</p> <p>Market feedback, analysis</p> <p>Product survey and customer Satisfaction.</p>	<p>The market and the business become the same with the business able to anticipate and or project the needs of an expanding market.</p> <p>Franchising.</p> <p>Market feedback.</p> <p>Product evolvement in Size and other modifications.</p> <p>Constant monitoring of product in the market.</p>

2 Nuggets about the market from the learning cafe

1. Knowing the need (in detail) as to the size of the market. Knowing which market is prepared to spend money so you can make a profit. Segment the market as well.
2. Flexibility to evolve, both in product and person.

Role of Entrepreneur

Starting	Going to Scale	Constantly Innovating
<p>Hold a creative tension between the dream and the current reality. Note: 21st Century companies may start more as ensembles of entrepreneurs than as one person.</p> <p>Make decisions. Be the champion. Unleash Passion. Stay focused and driven. Develop the concept and business idea that fulfills the dream. Handle fear. Hold the direction. Complete a risk vs. reward assessment. Understand challenges – personal and business including balance family, And time commitments. Money: How much and where to find it.</p>	<p>Open the strategic decision making to the rising stars beyond the founding entrepreneurs.</p> <p>Trusting in self, others, and market. Believe in product. Protection of idea and liability. Direction by sharing the plan and passion. Leadership, evaluation And formulation of management team. Delegation to others. Figure out your relationship to money. Be mentored. Utilizing and expanding networks.</p>	<p>Everyone makes a distinct contribution of entrepreneurial spirit and knows how to make the venture successful.</p> <p>Keep the fun factor Us skunk-works – and get sanction to try it; it is Your permission to be crazy and for brainstorming R&D. This requires serial entrepreneurs. Assess personnel in terms of placement, motivation, and the use of good strategies. Determine employee incentives through direct involvement and continued commitment, including the rewards for new ideas.</p>

2 Nuggets on the role of entrepreneurs from the learning cafe

1. Skunk works and gets sanction to try it. It is permission to be crazy about brainstorming research and development.
2. Trusting: self, others, and market.

Organizational Structure

Starting	Going to Scale	Constantly Innovating
<p>A web of power between the entrepreneur and his or her team.</p> <p>Vision/mission.</p> <p>Legal structure and agreements: For profit (type of business).</p> <p>Who are the team players and their roles in the organization? What are the skills, abilities, attributes, strengths, and weaknesses of entrepreneur/team?</p> <p>The entrepreneur is not always the best coach or leader: he or she must recognize limitations.</p> <p>Gap analysis.</p> <p>Financial structure with adequate financing to start.</p> <p>Values declared in a values statement.</p> <p>Family involvement and remember to remain engaged in "all" of life.</p>	<p>A matrix to maximize collaboration across functions or market segmented structure to fully penetrate a segment.</p> <p>Use a systems approach.</p> <p>Move from single entrepreneurial manager to team management structure with a sales team, product quality team, etc.</p> <p>Use a continuum of tasking, delegating, authorizing of responsibilities and accountabilities.</p> <p>New level of funding resources.</p> <p>Focus – redefine the nature of the business and business plan</p> <p>Gets more buy in from additional people.</p> <p>Keeping the company more entrepreneurial as it grows.</p> <p>Develop policies and procedures.</p>	<p>Structured as network of entrepreneurs each leading a business within the business and a centralized shared resource unit serving all entrepreneurs.</p> <p>Reevaluate, change, adapt the research and development.</p> <p>Reexamination mission and vision.</p> <p>Human resource development and training related to feedback from customers.</p> <p>No one can say that's not my job.</p> <p>Consistency in customer service and management of business model.</p> <p>Franchise ability.</p> <p>Incentive programs.</p>

2 Nuggets on organizational structure form learning cafe

1. Stay flexible with structure.
2. Structure requires your continued focus.

Creativity and Innovation

Starting	Going to Scale	Constantly Innovating
<p>Focus on the core offering.</p> <p>Form a supportive community. Create an environment for creativity so it is OK to fail. Good management starts with people.</p> <p>Creativity required for product, delivery and doing good research.</p> <p>Brainstorming a creative/supportive environment.</p> <p>Do coaching/mentoring to support it.</p> <p>Observation plus knowledge of market because you need a niche.</p>	<p>Develop creative variations on the core.</p> <p>Getting the best out of human resources.</p> <p>Management structure that is innovative.</p> <p>Good cash flow.</p> <p>Prototype.</p> <p>Good partners and attracting complimentary resources.</p> <p>Focus groups for development and test marketing.</p> <p>Constant refining and challenging core needs/mission/product.</p>	<p>Develop second and third and fourth distinct offerings that build on the core idea of the business.</p> <p>Increase market by redesigning product cycle of decision, customer feedback, testing, and marketing.</p> <p>Improve product/services with feedback.</p> <p>Motivating.</p> <p>Refining business idea mission.</p> <p>Conducting research and development.</p>

2 Nuggets on creativity and innovation from learning cafe

1. Constant refining and challenging the core needs/mission/product service
2. Coaching/mentoring and support of the people and the “creative processes”

Mutual Contribution between the City or Place and the Enterprise

Starting	Going to Scale	Constantly Innovating
<p>Place provides initial incubation through access to talent and resources.</p> <p>Use the cities resources of people, government, serial entrepreneurs and economic clusters. The geography provides quality of life and funding.</p> <p>Use the community, infrastructure, e.g., transportation, access to capacity in the region for linkages, communications and public relations. Put open days on your calendar to develop interface with community.</p>	<p>Place experiences the positive impact of the business in the form of taxes, jobs and so forth; the business experiences good will in the form of customer buzz and so forth.</p> <p>Banking: debt/equity. Educational attainment and workforce development via linkage to education institutions. Customers/value chain/suppliers. Taxes structure supportive of enterprise growth. Partners in your network. Support resources for building out.</p> <p>Community involvement and good corporate citizen. Maintain and build linkages for Visibility and expanded public relations.</p>	<p>Continuation of the mutual benefits in previous two phases, plus universal symbiosis – the more the place gains the more the business gains and vice versa.</p> <p>How does the enterprise best stimulate cross-fertilization through networks? For example, education/universities are sources of technology to take business to next level. What is the technology transfer capacity?</p> <p>Proper geography to grow and or move? Bring in needed or adapt capabilities and resources to region.</p> <p>Access to market/new markets through diversity and regions to exchanges of personnel.</p> <p>Product development to access innovation sources from community networking. Clusters development where the outcome is focused to stimulate creativity.</p> <p>Assessment process to consider where we are, what we need to change. Policy influence/ changes where necessary to support business needs. Why are we here? What’s our purpose, Where to go? Feedback from community or business, directions, product/market. Constantly re-evaluate.</p>

2 Nuggets on City and Enterprise

1. Linkages and interconnection - constantly and quickly evolve in a city.
2. There is mutual value, mutual well being between the city and the enterprise.