Everyone deserves a fair shot. That’s the promise of America. A fair shot means that you should get a level playing field, no matter your skin color, your zip code, who your parents are, where you went to school, or how much money you started with in your pocket.

A fair shot means you can take an idea, work hard, and turn that idea into new wealth, new jobs, and new opportunity. That’s what entrepreneurs do.

America was built on the fundamental right to have a fair shot to make, do, and dream of a better future.

That spirit inspired the colonists in the Boston Tea Party, who were mostly entrepreneurs, to fight for the right to sell their products against the monopoly of the East India Company. That spirit drove Mr. Ewing Kauffman in 1950 to start a business in his basement with $5,000, eventually growing it into a business worth $6 billion by 1989 and transforming the lives of two million people in the Kansas City region, and touching millions more lives elsewhere.

His legacy is the Kauffman Foundation, where we believe that everyone—no matter who you are, or where you’re from—has a right to take an idea and turn it into a business, with zero barriers in the way.

**BIAS TOWARDS BIG**

Today, the notion of a fair shot is under threat. The Kauffman Foundation commissioned a survey that found that 79% of entrepreneurs believe government incentives favor big businesses over small ones.

And the data show that entrepreneurs are struggling. According to the nonpartisan Economic Innovation Group and others, we’re in a long-term decline in entrepreneurial activity. In 1980, nearly half of American firms were five years old or younger. By 2015, that rate had fallen to one-third. Today, for the first time in four decades, businesses are closing about as fast as they’re starting.
America has institutionalized a bias towards big. That bias favors existing companies and accumulated wealth. It favors certain slivers of America over the broader welfare. As a result, our big, shiny cities are bigger and shinier than ever in many ways. Meanwhile, we see inequality in struggling small towns, disinvested urban neighborhoods, and rural areas. We see persistent pockets of poverty and a growing sense of disempowerment and disconnectedness.

Over the last two years, since moving back to the Midwest, I’ve traveled to many of these places, and I’ve seen the contradiction firsthand. In Mr. Kauffman’s birth town of Garden City, Missouri — population 1,630 — citizens can’t even buy fresh produce. America may be glittering at the top, but it’s struggling at the bottom. We are a fair distance from a fair shot.

The inequalities are stark. Half of net new American businesses started in recent years were in just 5 of the biggest metro areas. When small businesses need capital, many reach out to banks. But large banks have become larger, and small and medium-sized banks, who are more likely to back new businesses in smaller markets, are disappearing. The smallest community banks have declined 41% since 2008. Today, only 18% of new businesses get a bank loan.

On the other end of the spectrum, high-growth tech businesses turn to venture capital. But only 0.6% of businesses ever raise venture capital — and it’s highly concentrated. Over 80% goes to 3 states. In past studies, less than 2% went to women; less than 1% went to underserved founders of color; and less than 1% went to rural areas.

This year, at the Kauffman Foundation, we’ve analyzed the barriers entrepreneurs face accessing capital, and we’ll publish a report later this fall. The bottom line: we’ve found that at least 81% of new businesses don’t access either venture capital or bank loans. That indicates they might not be accessing critical institutional capital they need to have a fair shot.

While our attention is focused on the big players, entrepreneurs often die deaths by a thousand cuts. I’ll give you a simple story. The father of one of my team members at the Kauffman Foundation considered starting a business years ago. He faced the challenge of completing the required forms and fees, working with lawyers and accountants. In the end, however, the cost and complexity was just too much, and this gentleman never started his business. The American economy died a small death that day, just as it does every time a potential entrepreneur is deterred by a barrier that doesn’t need to be a barrier.
Some entrepreneurs face even greater barriers, since 29% of jobs require a government-issued license — a big increase from 40 years ago when only 10% of workers were licensed. These requirements mean fewer practitioners and stifle new entrepreneurs.

**ESHIP WORKS**

Now, the good news. Entrepreneurship is becoming a proven tool to address some of our biggest economic challenges. The research evidence is more and more compelling.

For instance, we know that all net new job creation comes from new businesses, not old ones. Old businesses tend to shed jobs. New businesses tend to create jobs. But you wouldn’t know that from the way cities do economic development today.

In a famous example, 238 cities competed to win Amazon’s second headquarters and its promised treasure of 50,000 jobs. But the surprising truth is that new businesses in a single city can make far greater impact than Amazon. For example, in Kansas City, startups created 84,000 jobs from 2012 to 2016. That’s far more jobs than Amazon ever offered.

Entrepreneurship is a pathway open to every city in the nation to grow jobs — not just for one anointed city.

Entrepreneurship even helps combat poverty. For every 1% increase in the rate of new businesses started in a state, there is a 2% decline in the poverty rate.

For decades, economic development has focused on the top — attracting and retaining a region’s biggest employers. Now, we need to reinvent economic development, focusing on entrepreneurs at the bottom. Bottom-up economic development is about empowering individuals to start and grow businesses that can turn into the wealth, jobs, and opportunity of the future.

We are discovering practical ways to do that. We hosted a Summit this summer that convened over 600 people, including over 100 mayors, who are implementing practices to grow their entrepreneurial communities. And we’ve published an online Playbook that walks people through steps required to grow their own communities supporting entrepreneurship.
THE CHALLENGE

The real debate is this: how do we build an economy that empowers the little guys and gals and gives them a fair shot?

Well, let’s think about who the ideal customer is. Who deserves our time, attention, and tax dollars? Do we focus on society’s biggest players or the littlest ones? Do we focus on existing companies who reduce jobs over time, or new companies who create jobs? Do we reward economies of scale that often become too big to fail, or empower those too small to succeed? Do we measure our economic well-being by the Dow Jones Industrial Average of the 30 largest companies, or by the broad-based dynamism of our entrepreneurial spirit?

In terms of making policy, can we reverse our lens?

WHAT IF?

To create a blueprint for bottom-up economic development, let’s ask some “what if’s.”

What if we focus on the little things that matter to millions of entrepreneurs, instead of the big things that matter to a handful of big players?

What if starting a business required zero forms and zero fees?

What if the energy that 238 cities expended on the Amazon HQ2 contest was invested instead into building their own entrepreneurs and innovators?

What if more workforce training dollars were dedicated to help people start and grow their own businesses, instead of just teaching employees to fill roles in existing businesses?

What if public school systems were redesigned to teach students how to make jobs, not just take jobs?

What if borrowing $30,000 to start or grow a new business was easier than borrowing $30 million to grow a big one even bigger?
What if antitrust laws were rewritten so that empowering entrepreneurial innovation was just as worthy a goal for our economy as lowering consumer prices?

**MOVING FORWARD**

Finally, what if we confronted the biggest barriers of all: apathy and cynicism?

Apathy is dangerous. “America’s problems are too big, so nothing I do matters.”

Cynicism is deadly. “There is nothing that can be done, because nothing ever works.”

We cannot let apathy and cynicism win. Yes, it’s hard to revive struggling communities. But that’s no reason to think that we’re at the end of the American experiment, that the last great hope on Earth will fade.

There is a solution. Entrepreneurship is a proven, practical way to empower individuals, and renew our economy from the bottom up. We can no longer overlook entrepreneurs as an engine of economic development.

We support this conference today because we believe in the makers, doers, and dreamers everywhere. Today, we’d like to announce a tangible goal. In the next 5 years, the Kauffman Foundation will support programs that help 200,000 entrepreneurs start and grow their businesses, and we will strengthen 200 communities nationwide to create pro-entrepreneur programs, policies, and practices.

We can’t do this alone. We welcome your support in joining us. If you’ve got a novel idea on how to help entrepreneurs, we want to know.

Great things start small. Mr. Kauffman started in his basement. Steve Jobs started in his garage. Oprah started on a local radio station in Tennessee. And someone somewhere today, maybe in a small town, maybe in their bedroom, maybe with a few bucks saved over the years, is testing out a new widget, or a new recipe, or a new design, and is starting their entrepreneurial journey.

He or she isn’t seeking favors. He or she just wants a chance. He or she deserves a fair shot, like every entrepreneur does. Let’s make it our task to provide it.

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