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This is true: fact is king. Information is king. Great reporting is what every honest person wants now... Facts and data are our product, we're putting everything into reporting, that's what we're selling, interpretation is the reader's job...
-Peggy Noonan 2008-

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Small Business in 2018: The New Entrepreneurs

Executive Summary

Small businesses will experience many changes in the near future, many of which have already begun. For example, the "typical" entrepreneur will be anything "typical" in terms of background, age, and gender. Specifically, baby boomers, Gen Yers, women and immigrants are turning to entrepreneurship in rapidly increasing numbers. Meanwhile, technological advances will continue to drive down costs while offering increasing capabilities to users. These two changes will propel the return of the artisan—the *Next-Gen Artisan*—the individual producer of a product or service tailored specifically to the individual needs of its consumer. All of this represents the development of a more direct interaction between those who produce and those who consume, with the result that this close interaction is changing the participants as well as the process. Welcome, all, to our brave new world.

Small Business in 2018: The New Entrepreneurs

Introduction

The American Dream—it's an encompassing vision of success, fulfillment, and satisfaction with one's life. Few things illustrate this dream as well as the individual who starts his/her own business, who experiences the freedom to "call the shots" in every aspect of his/her work day. In many ways the entrepreneur is like John Wayne, the cultural icon so often seen as the independent cowboy riding alone across the prairie, braving dangers and overcoming all obstacles.

The entrepreneurial spirit is not just alive and well in America, but it is thriving. This was well-documented in a 2007 study by the Silicon Valley-based Institute for the Future. This study was conducted over a period of six months and entailed 9,500 interviews with small business owners, university professors and teachers in the entrepreneurship programs, and roughly 10,000 hours of in-person observation (1) (2) (3). The consensus of all this effort is that change is coming in both the type of person who starts their own business, and the nature of that business. Compared to yesterday's entrepreneur, tomorrow's—and today's—will be younger and older, female, and probably an immigrant.

In this paper, the second in a series of four devoted to small business in the future, we will look at the characteristics of these new entrepreneurs. We will also talk about the nature of the companies these individuals will start. But first let's look at some numbers that show just how important the small business person/entrepreneur really is to our economy.

Small, But So Very Powerful

There are a number reasons for the uptick in the entrepreneurial spirit (4). We all know that the days of lifetime employment and a "gold watch" are long gone. A truly global economy, reduced trade barriers, and the explosive growth of the internet and other connective technologies mean that even the smallest business can reach worldwide markets. Economic uncertainty, such as what we are currently experiencing, leads to increased entrepreneurial activity as an alternative to traditional jobs. Online social networking now means more than just teenagers chatting on MySpace. Even the smallest businesses can use social networking forums to exchange information and knowledge (Intuit's JumpUp site—www.jumpup.intuit.com), review sites where customers talk about their experiences with particular businesses (www.insiderpages.com), and sites where small businesses can find customers or business partners (eLance—www.elance.com). Moreover, large corporations are increasingly looking to small businesses for innovation and supply chain partnerships. Advances in manufacturing technology make it possible for small firms and even home-based businesses to build sophisticated products. Small businesses are adopting sustainable business practices and providing "green" products, just as today's consumer demands.

Given these opportunities, it is hardly surprising that more and more people are choosing to work for themselves. The Small Business Administration's (SBA) Office of Advocacy reports that in 2006:

- There were 5,983,546 employer firms (i.e., those with one or more employees),
- And 20,768,555 non-employer firms (i.e., those that have no paid employees, annual business receipts of \$1,000 or more [\$1 or more in the construction industries], and are subject to federal income taxes) (5).
- 18,177,766 of the non-employers are individual proprietorships (the classic entrepreneur who has no partners).

Moreover, these small, non-employer companies account for roughly 3% of all business activity in terms of sales or receipts. But this 3% figure must be put into perspective. The almost 21 million non-employers have \$970 billion in annual receipts. The individual proprietorships alone account for about \$632 billion (6). These are huge sums that multiply throughout the communities in which these businesses operate. Mississippi alone has over 175,000 non-employers, whose annual receipts total

almost \$8 billion. Imagine the effect on our towns and neighborhoods if these dollars were suddenly taken away.

The New Entrepreneurs

The people taking advantage of these opportunities are different from those in the past. The face (and gender, age, and accent) of the entrepreneur is changing rapidly. A quick glance at Table 1 shows just how extensively and rapidly this change has occurred.

Category	Self-employment rate, 2005	%Change 1995-2005
Total	10.1	13.1
Female	7.2	13.3
Male	12.7	12.9
Asian/American Indian	10.6	60.6
Black	4.5	26.6
White	10.9	8.7
Multiple Race	9.3	NA
Hispanic Origin	6.7	95.7
Veteran Status	15.1	-22.3

NA = Not Available

Source: U.S. Small Business Administration, Office of Advocacy. *The Small Business Economy For Data Year 2006*. A Report to the President. United States Government Printing Office. Washington: December 2007. p. 12-14.

Several things are noteworthy about these numbers. One, women are starting businesses at a faster rate than are men. Two, immigrants—Latinos and Asian/Native Americans—have shown remarkable increases in the number of companies started. Three, the racial make-up of entrepreneurs is changing. While African Americans are much less likely to work for themselves than are whites, the percent increase of the former far exceeds that of the latter group.

With these statistics as background, we'll now look at four groups who are fast becoming the "new" entrepreneurs.

1. Baby Boomers

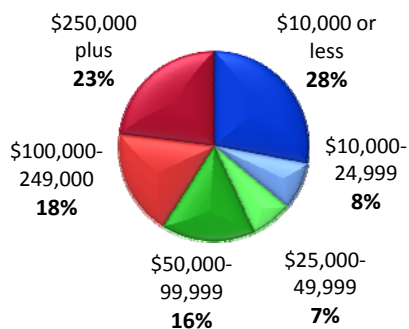
A poorly-performing economy, dwindling returns on savings and investments, the demise of lifetime pensions, and longer life spans are forcing many older Americans to remain in the workforce. But this doesn't mean working for corporate America. Indeed, with years of experience, and often just as many years of suppressed ideas and dreams, many people approaching retirement age are grabbing another piece of the American dream: they're starting their own businesses. In fact, for the last 10 years the fastest-growing age segment of new entrepreneurs is the 55-64 years old group (1) (7). According to the American Association of Retired Persons (AARP), over 16% (7.4 million) of workers aged 50 and older are self-employed. One out of 3 of these people chose the entrepreneurial route after age 50 (8).

This is not just a U.S. phenomenon. The fastest-growing segment of the startup market in Canada is the 55-and-over group, which accounts for 15% of all new businesses (9). Similarly, older business owners (50 years old and up) now account for 54% of all self-employed workers in Britain (10). And as more

boomers prepare to retire, these trends are expected to continue. Already there are websites devoted to this age cohort—e.g., The Baby Boomer Entrepreneur (<http://thebabyboomerentrepreneur.com>).

The employment rate of older workers (those age 65 and older) has been increasing since 1977 (11). This trend not only should continue, but also should increase at a faster rate as the 79 million baby boomers reach the traditional retirement age. There are several reasons for this. Boomers are very poor savers, even those in dual-income households. According to the McKinsey Global Institute (12), boomers' high lifetime earnings did not translate to high saving rates, not even during their peak earning years. This low savings rate is made much worse by the fact that most of their assets are tied to the values of their stocks and homes. The dramatic appreciation of these assets resulting from the 1991-2001 economic expansion and the 1995-2005 real estate bubble emboldened them to spend even more and take on an inordinate amount of debt. With the housing crash and the credit crunch, the value of these nest eggs has diminished (if not vanished) and with it, their hopes of maintaining their current lifestyle in retirement (13). Figure 1 shows that about 60% of workers 55 years and older have less than \$100,000 of total saving and investments (14). Consequently, boomers are taking a long, hard look at their options. One very popular option is to start a business.

Fig. 1 Total Savings and Investments of Surveyed Participants 55 years and Older
Excludes value of primary residence or defined benefit plans



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 2008 Retirement Confidence Survey <http://www.ebri.org/pdf/publications/facts/fastfacts/fastfacts041708.pdf>.

BOOMERS: THE NEXT 20 YEARS

They may face growing opposition to entitlements by younger workers who feel burdened by their seemingly privileged lifestyles. So, as the cohort that invented “forever young,” they will fight to extend their capacity to work, play, invent, create, teach, lead and indulge themselves longer into life. Confronted with the challenges of aging in a troubled world, they will make distinctively individual choices among markets, do-it-yourself strategies, personal networks, and new kinds of institutions that leverage new collective identities to meet their individual needs. As global trade and connectivity continue to grow, they will look beyond their own borders for solutions to the problems of growing older, whether it’s through health services, more affordable housing, or encore career opportunities.

Institute for the Future (17)

Experts recommend several approaches for boomers interested in starting their own businesses. One is to turn a hobby into income. There can be immense gratification in taking something you love and making it into a retirement career. Another recommendation is to fill a need or fix a problem for three market segments: business clients; businesses and consumers; and individuals and families. Current “hot” businesses in these areas include senior care, financial management for senior citizens, and image consulting (8). Another recommendation is based on the fact that a boomer entrepreneur is taking far more risk than, say, a 25-year old. If the boomer’s business fails, then there is far less time to recover financially. Hence, some are buying “fairly low-end” businesses with a record of success rather than financing a start-up (15). Franchising is an example of this approach.

But this does not mean boomers are limited to “simple” businesses. A recent study found that the average age of technology entrepreneurs was 39, and that twice as many were older than 70 as were younger than 25. Moreover, there were twice as many over 60 as under 20 (16).

How these aging boomers will impact business in the next 20 years is not hard to decipher. Boomers will continue to change the face of the country and culture (17). Traditionally they have defied the control of governmental and religious institutions, and still fiercely defend their independence. They sought a connectedness amongst themselves, experimenting with communes and other alternative lifestyles. Then they helped create the internet, and the world became interconnected. Boomers will not relinquish social involvement easily, and will continue to feature prominently in both business and leisure activities. Their changing needs will, however, eventually affect the nature of their contribution. Entrepreneurism appears to be one vehicle which will bring this change.

2. Gen Y

A recent CNN/USA Today/Gallup survey found that 72% of the 18-29 year old respondents expressed interest in starting their own business (18). The members of this group, popularly known as Gen Y, are not “rebels without a cause” when it comes to their entrepreneurial odyssey. This is the generation that witnessed the erosion of traditional/lifetime corporate jobs, health and pension benefits; saw and embraced the unlimited possibilities that digital technology brings; relished the freedom to customize their choices and buy goods based on the recommendations of their friends/peers; and spent hours and hours on social networking sites such as Facebook and MySpace. This tech-savvy generation does not just surf the net. They use it to hatch ideas, consult with their peers, and as a medium for starting their own businesses. This group is fast becoming the most entrepreneurial generation in our nation’s history (19).

GEN Y ENTREPRENEURS

The barrier to entry is very low and doesn't require a lot of money in a lot of cases. I think there's more of an entrepreneurial spirit in our generation than perhaps in other generations. Being an entrepreneur has become cool and sexy.

Scott Neuberger, 27
CEO of Collegeboxes (38)

In 2005, the SBA's Office of Advocacy reported that there were 188,000 self-employed individuals under the age of 21 (20). A few of them started their companies while still in high school and some while in college. Take the case of the Threadless Guys, three college dropouts who in November 2000 started their business with only \$500 of their own money (21). The company sells a limited number of T-shirts with designs created by winners of their online T-shirt design competition. Its roughly 500,000 members choose the winners from among 750 weekly submissions. The company sells over 80,000 T-shirts a month to customers around the world, which generates \$20 million in annual revenue (22). If that isn't impressive enough, then check out <http://www.inc.com/30under30/2007>. This is the website for the magazine *Inc.* Here you can find the nation's top 30 entrepreneurs under the age of 30. While the list changes annually, the impressiveness of these young people and their start-ups does not. It is impossible to leave this website without being “dazzled and amazed” at the ingenuity of these young entrepreneurs.

How different are the Gen Yers from their parents, the *boomers*, as entrepreneurs? According to a survey conducted by American Express (23), both groups say *passion, not money* is the prime motivator of their entrepreneurial drive. Both groups also state that *having fun is a priority* in their businesses.

There are differences, though, as any parent of a Gen Yer can attest. Gen Yers are greater risk-takers. They (59%) see themselves as ‘serial’ entrepreneurs, which may reflect their notoriously short attention span. And unlike their parents, they are spending a lot more time running their businesses.

They also differ in their perception of America's leadership in technological innovation. Only 38% of Gen Yers believe that U.S. is the world's leader in technological innovations, versus 57% of the boomers. Also, while boomers prefer newspapers and television as their news sources, Gen Yers get their

information from the internet and word-of-mouth. Interestingly, Gen Yers do not use email, preferring to text instead. While technology is vital to Gen Yers' business and personal lives, they say boomers' experience gives them an edge in business and is probably more important than being tech-savvy.

3. Women and Mompreneurs

Women entrepreneurs are one of the faster growing segments of business owners. Between 1997 and 2004, the number of women-owned businesses increased by almost 23%, compared to the national average of 9 percent. Women now account for 35% of total incorporated and unincorporated self-employment (24). Most of these businesses – 69% – are in the service sector. Of these service companies, the greatest growth in the last 10 years has been in:

- healthcare and social assistance (130% growth)
- arts, entertainment, and recreation services (116% growth)
- professional, scientific, and technical services (82.7%).

But the highest overall growth rate in women's businesses has been in the wholesale trade sector. From 1997 to 2006, the number of women-owned firms in this sector grew by 283 percent (25).

The typical female entrepreneur is between 40 and 49 years of age. This is consistent with the finding that mid-career women are the ones most likely to succeed in starting and running a business (the so-called "careerpreneurs") (2). In 2006, female entrepreneurs in this age bracket were the highest earning group among women of all age brackets (24). Self-employment of foreign-born women and women aged 50-59 years has also been increasing for the last 10 years. In 2006, the former group accounted for 15% of all female entrepreneurs, while 20% were in the latter group.

While women are attracted to entrepreneurship for many of the same reasons as men (1), there are some gender-related factors. Even highly-educated women with sharp business acumen and solid managerial experience can bump against the "glass ceiling." After all, the ceiling is certainly cracked, but it's not broken. Such professional women are more likely to be successful in their start-up business pursuits. Running their own business can help them satisfy their professional ambition and grow professionally without sacrificing family ties or giving up work-life flexibility.

Concern for the family is prompting another group of women to start their own businesses. These are the stay-at-home moms—the "Mompreneurs." Instead of trying to juggle childcare or jump start a career that was put on hold while staying at home with the kids, "mompreneurship" allows women to combine work with parenthood. The internet is a key factor in the rise of these home-based businesses. The "24/7" nature of the web means mompreneurs can run their businesses from home anytime they choose, while still having time for housework, helping the kids with homework, and handling other family activities. Although most will be running one-woman home-based businesses initially, some mompreneurs will eventually manage sizeable organizations. The "Make Mine a Million \$ Business" program (<http://www.makemineamillion.org/site/home.php>) is a national grassroots movement which helps women grow their entrepreneurial ventures. This movement has already helped and supported at least 122 women's businesses to achieve \$1 million revenues (26). These businesses are in consulting, constructions, retails, wineries, day spas, and the like.

4. Immigrants

While we focus on the problem of illegal immigration, the fact of the matter is that legal immigrants play a key role in U.S. society and economy. Indeed, Jonathan Bowles, director of the Center for an Urban Future (a private, nonprofit research organization), maintains that "immigrants have been the entrepreneurial spark plugs of cities across the U.S., turning decaying neighborhoods into vibrant commercial hubs" (27). These immigrants are the Colombians selling *arepas*; Jamaicans selling Jamaican-style specialties; Indians opening mom-and-pop Indian sweet shops; South Koreans specializing in tourists' items like mugs and other ornaments, just to name a few. Moreover, the presence of this "new" type of entrepreneur is likely to continue. The size of the legal immigrant population is

increasing at a rapid rate. Approximately 11.7% of the U.S. population are legal immigrants, compared to 6.7% in 1990 (27).

Legal immigrants tend to be well-educated. According to the U.S. Census Bureau, 27% of native-born U.S. residents and 27% of all legal immigrants had a bachelor's degree or higher in 2002. By contrast, 35% of the immigrants from Europe and 49% of those from Asia had that same level of educational achievement (28). But immigrants with an interest in technological endeavors are particularly well-educated. In fact, 96% of the immigrant founders of technology companies have bachelor's degrees, and 74% hold graduate or postgraduate degrees (29).

Given such a high skill level, it should not be surprising that legal immigrant entrepreneurs have made huge contributions to U.S. job creation and innovation in the technology sector (29) (30) (31). Just over 25% of all technology and engineering companies started in the U.S. from 1995 to 2005 had at least one foreign-born key founder (the most common of whom is Indian). Moreover, 52% of the high-tech companies located in the Silicon Valley had an immigrant as a key founder. Almost 80% of these companies specialize in either software or innovation/manufacturing-related services (32). Nationwide, immigrant-founded companies produced \$52 billion in sales and employed 450,000 workers in 2005. Interestingly, very few of these founders came to the U.S. with the purpose of building their own business. More than half came as students. Typically they worked and resided in the U.S. for 13 years before starting their company (29). Table 2 lists just a few of the most successful and recognized companies that were started by an individual who chose to come to this country. It is extremely likely that other start-ups will join the illustrious list in Table 2.

TABLE 2: Leading Companies with Immigrant Founder(s)				
COMPANY	FOUNDER(S)	COUNTRY OF BIRTH	EMPLOYEES (2005)	INDUSTRY
Intel Corp.	Andy Grove	Hungary	99,900	Semiconductor and related device manufacturing
Solectron Corp.	Winston Chen	Taiwan	53,000	Bare printed circuit board manufacturing
Sanmina-SCI Corp.	Jure Sola Milan Mandaric	Bosnia Croatia	48,621	Bare printed circuit board manufacturing
Sun Microsystems	Andreas Bechtolsheim Vinod Khosla	Germany India	31,000	Electronic computer manufacturing
eBay	Pierre Omidyar	France	12,600	Electronic auctions
Yahoo!	Jerry Yang	Taiwan	9,800	Web search portal
Google	Sergey Brin	Russia	5,680	Web search portal

Source: Anderson, Stuart and Platzer, Michaela. American Made: The Impact of Immigrant Entrepreneurs. *The National Venture Capital Association (NVCA)*. 2007. http://www.nvca.org/pdf/AmericanMade_study.pdf.

This pronounced entrepreneurial spirit in the legal immigrant population is not confined to one group or to one industry. Since at least 1996, immigrants have started businesses at a considerably faster rate than have native-born residents (33). According to the Kauffman Index of Entrepreneurial Activity, the only annual study to measure business startup activity for the entire U.S., immigrants are now "substantially more likely to start businesses than are native-born Americans." In regards to specific groups, Latinos are starting businesses at a particularly rapid rate. The same study found that between 1996 and 2006,

this group had the greatest increase in entrepreneurial activity of any major ethnic or racial group. Asian immigrants also show a strong entrepreneurial spirit (34).

There are several reasons why these individuals tend to start their own businesses. For one, their foreign-born status often leads to significant barriers in the workplace. This is due to such things as professional assets in one culture not being valued or recognized by another (e.g., the Russian surgeon whose qualifications are not recognized by the American Medical Association). Additionally, those new to this country often lack the corporate contacts, English-language skills, and previous work experience needed to find a good job. Often it is easier to start a business than it is to find a job (1).

Furthermore, immigrant entrepreneurs have certain advantages in today's wired, "flat" world over their native-born competitors. Legal immigrants typically have an existing set of contacts in their native countries. They understand the culture and the needs of those populations. This gives them an opportunity to create businesses that link markets. Because of such technological marvels as the Internet and other connective technologies, immigrant businesses can be both local and global, and able to easily source materials and goods in the one market to sell in another (1).

In sum, as legal immigrants make up a larger percentage of the U.S. population, as connective technologies continue to strengthen the link between economies around the world, and as cross-border trade continues to increase, these entrepreneurs will continue to drive economic globalization.

The New Business Model

Now that we've looked at the face of the "new" entrepreneur, next we'll examine the types of businesses these economic pioneers are most likely to create. Tomorrow's business will definitely not be your "grandfather's business."

I. The Return of "Made by Hand"

Believe it or not, the original Latin for "manufacturing" translates to the phrase "making by hand." It is likely that in the next decade our definition of "manufacturing" will return to its Latin base. Indeed, in recent years there has been growth in the number of entrepreneurial manufacturing firms. Advances in manufacturing technologies mean that very small businesses now can afford to manufacture goods, especially highly-personal, specialized products. Things such as desktop manufacturing (i.e., rapid prototyping where 3-D working models from CAD files can be produced without any tooling or traditional production equipment) and open source hardware will provide further impetus for growth in the number of entrepreneurial manufacturers (3). It is ironic that while we bemoan the demise of large U.S. manufacturers, there is a sharp increase in the number and success of domestic small, localized ("niche") manufacturers.

II. The Return of the Artisan

As the cost of technology falls even while its sophistication increases, one-person manufacturers are becoming economically competitive. Many are adopting an old, long-lost business model: that of the medieval craftsman who provides a limited number of specialized products or services.

These craftsmen, the **Next-Gen Artisans**, will be the niche or localized manufacturers of tomorrow (and to some extent, today). They will have a number of formidable competitive advantages over large, mass production manufacturers. Specifically, niche manufacturers excel in three things that large, especially overseas, manufacturers do not: time to market, small order sizes, and customized products (3). Given the nature of today's, and especially tomorrow's, consumer, these are strong advantages.

Experts say that the "typical" consumer of 2018 will be community-focused, environmentally aware, relatively affluent, and technologically savvy (3). This consumer will expect—no, will demand—more personalized service and products. This will be the realm of the **Next-Gen Artisan**. The availability of sophisticated, affordable business-related computer software, the declining prices of specialized

production equipment, and the plethora of online marketplaces have created conditions which enable this craftsman to provide customers exactly what they want. But as we noted in last month's whitepaper, consumers—particularly Gen Y shoppers—demand not only a highly individualistic product, but one that will be delivered almost immediately after the order is placed. These traits put the localized manufacturer in a strong competitive posture.

Next-Gen Artisans will have another competitive advantage in the fight for consumers—their proximity and size makes it easier to incorporate customer input into the design of the product. This input is critical if the finished product is to be the individualistic, specialized product that meets the unique needs of the purchaser. And once again, this insistence on having input into the design and manufacture of the product is a characteristic of today's and tomorrow's consumers. While connective technologies now make it easy to communicate across great distances, face-to-face interaction is still the best way to exchange complex ideas and information (3).

These 21st Century artisans also will reflect the interdependence of medieval craftsmen. These entrepreneurs will conduct substantial business with each other, even when these “others” are their competitors in the marketplace. Products and services will be exchanged, and will pass between even the largest and smallest businesses, particularly in such areas as specialized services, innovation and outsourcing. Most firms, or least those most likely to survive, will come to see themselves as a “prosumer, (as explained in the next section).

A good example of this “competitive competition” is the “Connect + Develop” program (<https://secure3.verticali.net/pg-connection-portal/ctx/noauth/PortalHome.do>) implemented by Procter and Gamble (P&G). Through this program, P&G, uses third parties – many of whom are small businesses – as a source of innovative ideas and products. Another example is Federal Express. This multi-national corporation often finds itself burdened by its large size, trapped by the very web of scheduling that allows it to operate a global delivery service. When freight arrives late and has missed its time to ship out on company trucks, the delivery is sub-contracted to local carriers/couriers who at other times compete directly with FedEx. Blue Sky Couriers and Panther Transportation are two such firms used by FedEx in Memphis.

The Enterprise of the Future

The businesses created by these new entrepreneurs will face a reality very different from any in the past. “Business as usual” will become simply another way to say “out of business.” In this section we will look at some characteristics these entrepreneurial ventures must have to survive in this century.

Once every two years IBM conducts a global survey of CEOs. In the latest survey, the opinions of 1,130 CEOs, general managers and senior public sector leaders from around the world were gathered (35). According to these experts, the successful enterprise of the future will have five overarching characteristics.

From this point on, every company must be **hungry for change**. In fact, it must embrace change. Instead of simply responding to trends, the organization must shape and lead trends. It must be responsive and flexible to customers' demands and whims. It must constantly reinvent itself. Constantly looking for ways to stay on top. Constantly *looking back* at the competition. Constantly changing. In many ways this is the world which Gen Y has always known. Their familiarity with change will well serve them and the businesses they create.

To be profitable in the environment of the next 10 years, companies must be **innovative beyond customer imagination**. Businesses must have the ability to develop and nurture collaborative relationships with both customers and suppliers. These relationships will enable the business to gain a deeper understanding of its customers and to provide products and services tailored to their needs. This, in turn, will justify the company's premium positioning and price. This new business form will use emerging technologies and systems to shorten feedback cycles, to analyze potential markets and niches, and to actively mine insights from consumers. It will constantly monitor the market and collect information so that when customer preferences and demands start to shift, it will know before the competition. The

enterprise of the future will deliver and exceed the expectations of increasingly demanding customers. Moreover, companies will have to change the way they see themselves. Instead of viewing itself as a consumer or a provider, each organization must recognize that it is a “prosumer.” Because of customer demands, few companies will be able to meet them without assistance. Thus, the service a business provides will likely consist of its own unique contribution (i.e., the “provider”) plus services that the business acquires from other companies (i.e., the “consumer”). This provider/consumer duality role—“prosumer”—reflects the position that most companies will occupy in the future of business (36). In many ways, this is a return to the medieval economy and the practices of the medieval craftsman. Only now it will be the **Next-Gen Artisan** who benefits.

In the next few years every company—regardless of size—will be **globally integrated**. It will be strategically designed to access the best capabilities, knowledge and assets from anywhere in the world and then apply them anywhere in the world. It will employ social networking and real-time collaboration tools extensively to improve communication among its worldwide network of customers and suppliers. Today’s connective technologies, the increasing ethnic and national diversity of the U.S., and the increase in immigrant entrepreneurs, will further flatten an already flat world.

Standing still in business has never been good enough. But now businesses not only cannot stand still, but they can no longer exist in their current form. Successful businesses from now on must be **disruptive by nature**. That is, they must be able to disrupt themselves. Businesses must have the ability to transform their business models and reinvent themselves whenever opportunities arise. This will enable them to reach more consumers with differentiated product choices, thus exemplifying the above-mentioned notion of shaping and leading trends. Apple Computers is a good example of a disruptive business. One way Steve Jobs does this is by cannibalizing the company’s own products through the introduction new ones. When asked if he was concerned about the iPhone cannibalizing the iPod, Jobs answered that if there is going to be cannibalization of Apple, then he wants it to be by Apple (37).

The last fundamental characteristic named in the IBM study is **genuine, not generous**. Not only are today’s consumers demanding in terms of the product or service they purchase, they also are demanding about how the company behaves relative to society. The notion of corporate social responsibility is alive and well. Indeed, after the atrocious behavior of companies such as WorldCom and Enron, consumers look at every business decision and practice—from purchasing to packaging—as reflecting a company’s consciousness of its impact on the world, environmentally and socially. Relevant information, such as potential environmental impact and recycling instructions, will become commonplace in product packaging and marketing. Gen Y entrepreneurs and women entrepreneurs seem particularly attune to such concerns.

A Caveat

The advent of readily-available personal computers revolutionized business—specifically office—productivity. And as shown in this paper, technological advances continue to come fast and furious. But technological innovations often fail to be as advantageous to users as was hoped. Why? Often the technologies were underdeveloped or immature, support platforms were not yet in place, or the technologies were too complex for widespread use. Often the user did not have the expertise required. How can small businesses expect to capitalize from available and emerging technologies? Tune in to our third installment of this series to find out.

Conclusion

Businesses will experience many changes in the near future, many of which have already begun. The term *entrepreneur* will be applied to individuals from much more diverse backgrounds than is normally seen now. Technological advances will continue to drive down costs while offering increasing capabilities to users. And these two changes will propel the return of the artisan, the individual producer of a product or service tailored specifically to stated individual needs of its consumer. Welcome, all, to the new world of the new entrepreneur. It’s going to be an interesting ride!

Hot off the Presses

News Briefs:

Made (again) in America

<http://cnn.money.mobi/money/business/international/detail/91809;jsessionid=597C1D29BFA3F9A5271FEBD62C82559A>

Reverse migration of manufacturing from China to the U.S. has started because of rising costs of labor and shipping and most importantly to get better control of supply chain. Thomasville Furniture, Exxel Outdoors and Regal Ware, Inc. are three of the manufacturers who have started to make their products domestically in response to inventory problems and to better serve their customers.



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