



Entrepreneurialism IS DYING. “Experts” WANT TO FIX IT BY IGNORING SMALL BUSINESS STARTUPS

By Chuck Blakeman

The first step to reversing the trend is mind-boggling.

For the first time in American history, [more businesses are closing than starting up](#), a tectonic shift, and a disaster for our economic future. The way to fix that, according to Gallup, venture capitalists and politicians, is to convince you that eighty percent of all businesses are irrelevant. To solve the crisis, they want the nation to fixate instead on finding a tiny percentage of early stage startups they call “high-growth” businesses, that no one, including them, can identify. It’s crazy, but they’re convinced that will make the crisis all go away.

The first step to reversing the trend is mind-boggling. It’s to convince you and politicians that over 22.7 million businesses actually don’t even exist.

YOU DON’T EXIST

Jim Clifton, Chairman and CEO of Gallup, [stunningly asserts](#), “20 million of the 26 million reported businesses are *inactive companies* that have *no sales, profits, customers or workers*. The only number that is useful and instructive is the 6 million current operating businesses with one or more employees.”

This is wrong on so many levels: inaccurate, twisted, and misleading, to name a few. Clifton and Gallup’s anti-small business agenda is exposed by the facts.

NONEMPLOYER BUSINESSES ARE ALIVE AND WELL

The latest U.S. Census data available shows [22.7 million nonemployer businesses](#), not 20 million. These companies comprise 80% of all businesses in America. To even be counted, nonemployer firms must have a [minimum of \\$1,000](#) in receipts. Not a single one is inactive. Further, the average receipts for these supposedly mythical businesses is [\\$45,344](#), and they constitute over [\\$1 trillion a year](#) in revenue.

2.3 million of them have [\\$100,000 to \\$5 million](#) in revenue, and hundreds have well over \$5 million in receipts. And most of it goes directly to salary, which makes that \$1 trillion exponentially more powerful to the U.S. economy than the revenue of giant corporations sheltering their earnings offshore and every other way possible.

This is an irresponsible statement by the leader of a research company that we should be able to take at his word. Why does Clifton want to make 22.7 million business owners simply disappear? Venture capitalists have the same agenda.



YOU’RE JUST A MOM AND POP

Scott Case, former CEO of the [epically failed Startup America](#) partnership said, “Small business owners, if they fail at their first attempt, they’ll immediately go take a job in their industry. The local salon owner who doesn’t make it will go cut hair for someone else. But not a startup founder. A founder will shut down their business and just start again. And that’s the fuel that drives the market ahead.” He goes on to say “founders” are people involved with “high-growth” startups that want to become giant corporations. He describes them as “special” and different from “mom and pops”. Pejoratives like “mom and pop” rule amongst the economic elite—if you don’t want to be a giant, you’re a mom and pop.

The arrogance is palpable and the motive seems clear. VCs and cheerleaders like Clifton and Gallup are focused on high-growth startups that intend to become huge, who, in the process will enrich the venture capitalists. To get politicians to refocus, they casually claim everything from [40% of net new jobs](#) to [virtually all jobs](#) come from these very few freaks. It’s a wonder that we ever got along without focusing on them before.

YOU'RE NOT WORTH THE INVESTMENT

Sadly, uninformed politicians with their hand out to rich VCs are playing along. Ignoring small business startups, they are enacting bills to give the VCs [tax credits](#) and expanding regulations and funding that go [directly to VCs](#). Billions of dollars are now funneled straight to VCs through the SBA, and small business owners [aren't even allowed to apply](#)

THEY DON'T KNOW WHAT THEY'RE TALKING ABOUT

The idea that ignoring millions of small business startups every year will reverse the business failure rate is ridiculous. 400,000 to 650,000 businesses start up every year, depending on the year. Less than 00.06% of them will ever in their lifecycle become a high-growth company (there are [28.4 million businesses](#) in America; only 17,600 have 500 or more employees). That is so rare that it is nothing more than a statistical anomaly. Even if high-growth firms do create a lot of jobs, there isn't a venture capitalist on earth who can identify high-growth companies from "mom and pops" until long after they have already arrived, at which time they don't need government coddling or even venture capitalists.

[84%](#) of the fastest growing companies in America never took venture capital. Almost all fast-growing firms start as zero to 1 employee startups, and nobody knows which one will actually grow. McDonalds was a hot dog stand for twelve years before they sold hamburgers and started to grow. The McDonald brothers never had a dream of becoming big, and every venture capitalist would have blown them off as a "mom and pop". Their small business, slow-growth pattern is very typical of most high-growth companies.

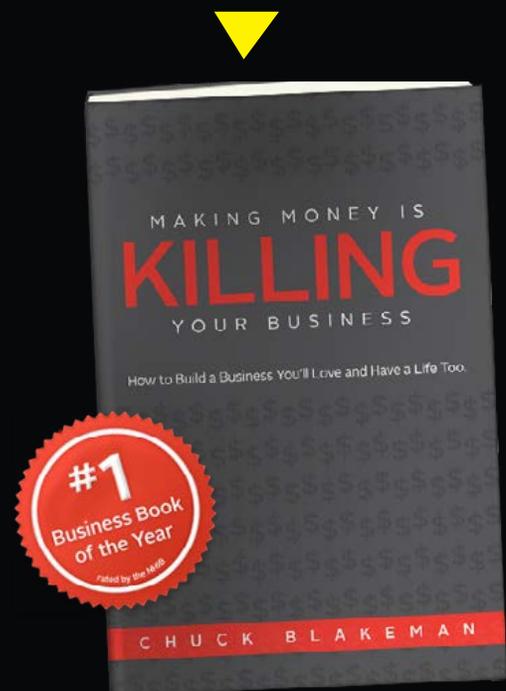
FOCUSING ON SMALL BUSINESS STARTUPS IS OUR BEST HOPE

For the first time in our history, there are indeed more businesses dying in America than being born. Instead of helping grow more of every kind, VCs and anti-small business interests want to hijack this data and go running to congress for more special interest money, even attempting to make 22.7 million existing businesses disappear in the process. If we want more high-growth startups, the only sure way to do that is to focus on creating every kind of mom and pop possible, even hot dog stands, so the free market can decide which ones get to be big.

Clifton, Gallup, VCs and politicians don't get to decide. And they shouldn't play loose with the data to do it.

Full disclosure: Our company, Crankset Group, would be considered a high-growth startup by these guys, with well over 25% employee growth every year for over five years. I'd rather be lumped in with the 22.7 million, thank you very much.

RECOMMENDED READING



About the Author

Chuck Blakeman started and built eight businesses in the U.S., Europe and Africa. He is the founder of [Crankset Group](#), providing business advisory for leaders and companies worldwide. He is a TEDx and worldwide speaker, author of best-selling books *Making Money Is Killing Your Business*, and *Why Employees Are Always A Bad Idea*, and a contributor to *Inc.*, *Harvard Business Journal*, *Entrepreneur*, [CNNMoney.com](#), and [NYTimes.com](#). He regularly advises businesses and does keynote talks and workshops throughout the U.S., Europe and Africa.

[@ChuckBlakeman](#)