

# Gallup Entrepreneurship & Job Creation Facts & Figures

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Gallup has studied the behavioral traits of entrepreneurs since 1965. During the last decade, in projects spanning countries such as South Africa, Germany, Mexico, and the United States, Gallup's research has focused intently on understanding the role of human nature in organic job creation. The following facts and discoveries factor greatly into Gallup's position that early identification and development of entrepreneurial talents at the city level is the solution for a worsening job creation picture in the United States and the rest of the world.

## **U.S. businesses are dying faster than they're born.**

- For the first time in 35 years, American business deaths now outnumber business births.
- Four hundred thousand new businesses are being born annually nationwide, while 470,000 per year are dying.
- The U.S. economy needs 1 million successful startups annually to remain a global economic leader.
- The United States ranks 12<sup>th</sup> among developed nations in terms of startup activity.
- Entrepreneurship is now in decline for the first time since the U.S. government started measuring it.

## **Entrepreneurs and their small & mid-size businesses are the backbone of the U.S. economy.**

- U.S. startups create 40% of new jobs annually, adding 6.5 jobs per new establishment on average.
- Half of all jobs are in small businesses; they create approximately 65% of all new jobs.
- Small & mid-size businesses provide jobs for more than 100 million Americans.
- During the past two decades, small & medium-sized enterprises have accounted for virtually all new jobs created.

- There are 6 million businesses with 1 or more employees.
  - 3.8 million between 1 and 4 employees
  - 1 million businesses with 5-9 employees
  - 600,000 businesses with 10-19 employees
  - 500,000 businesses with 20-99 employees
  - 90,000 businesses with 100-499 employees
  - 18,000 businesses with 500 or more
  - 1,000 businesses with 10,000 or more

## **Small & mid-size companies continually face challenges to their existence and growth.**

- 40% of startups shut down within the first 3 years.
- 50% of startups don't make it past 5 years.
- Only about 4 in 10,000 startups become large enterprises of \$100 million or more in revenue.
- Gallup estimates that the U.S. needs a minimum of 5 million new good jobs immediately and a minimum of 10 million new good jobs, net gained, within 5 years. They must be sustainable jobs created organically via entrepreneurship.

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## Future business builders are out there.

- There are nearly 30 million students in grades 5-12 right now in the United States.
- 77% of U.S. students in grades 5-12 'want to be their own boss'.
- 42% of U.S. students in grades 5-12 plan to start their own business.
- 38% of U.S. students in grades 5-12 will invent something that changes the world.
- 47% of U.S. students in grades 5-12 say their school offers classes in how to start and run a business.
- 5% of U.S. students in grades 5-12 say they are currently interning with a local business.

## The surest way to find 'Empire Builders' is by measuring their entrepreneurial talents.

- Every entrepreneur uses some combination of the following 10 talents to start and grow a business.

1. Business Focus
2. Confidence
3. Creative Thinker
4. Delegator
5. Determination
6. Independent
7. Knowledge-Seeker
8. Promoter
9. Relationship-Builder
10. Risk-Taker

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*"Nature trumps nurture as far as entrepreneurship goes. Entrepreneurs are born, they learn to use their innate talents, and then they succeed. The ones who become superstars are the ones who had innate talent and were able to make the most of that talent."*

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*Entrepreneurial StrengthsFinder*

- About 5 in 1,000 working-age adults in the U.S. possess extreme entrepreneurial talents.
- Dominant talent in all 10 areas is rare but predicts the highest chance of success for an entrepreneur.
- Compared with less talented peers, extremely talented entrepreneurs are:
  - three times more likely to build large businesses and to grow them significantly
  - four times more likely to create jobs
  - four times more likely to exceed profit goals
  - five times more likely to exceed sales goals
- Compared with their less talented peers, extremely talented entrepreneurs were more likely to:
  - clearly articulate the competitive advantage of their companies to their clients
  - make decisions about pricing and product or service development with their customers in mind
  - spent a great deal more time planning for growth and aligning employee responsibilities with company goals
  - align employees' strengths with their roles, thus maximizing employee engagement and increasing individual performance

## Cities must identify and develop highly talented entrepreneurs.

- There are about 150,000 future 'Empire Building' entrepreneurs in the country's middle schools and high schools, based on the 5 in 1,000 ratio. Comparatively, 20 in 1,000 have IQs high enough to be accepted into Mensa.
- Each city needs its own highly individualized plan to find, maximize, and retain its unique entrepreneurial talent.
- City leaders, not the federal government, must own the identification and development of extremely talented future entrepreneurs, since most economic activity of any significance occurs at the city level.