

# What an entrepreneur looks like

**W**hen you see or hear the word “entrepreneur,” what do you envision? Is it Bill Gates, the college dropout who transformed a brilliant idea into a company that made him the world’s richest person?

Is it Tonya Huntley, the subject of a PBN story last week, who quit her job as a nuclear engineer to start a pet-sitting service?

Or is it one of those family-owned businesses that fixes shoes, serves ethnic food or tends to other people’s yards on weekends?

A respected Mainland foundation is attempting to clarify that vision.

The Ewing Marion Kauffman Foundation of Kansas City publishes a report called the Kauffman Index of Entrepreneurial Activity. In addition to comparing activity state by state and year over year, it profiles the demographics of entrepreneurs.

The study’s authors have a strict definition of entrepreneur. To make their list, your company must be your primary source of income and you must work at it at least 15 hours a week. People who have small side businesses in addition to their full-time jobs don’t qualify unless the side business generates the most income.

Kauffman uses an index based on the number of monthly startups as a percentage of the adult population. That precludes larger states from skewing the rankings.

Research studies should always be approached with caution. This study,



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which received some media attention last week, including on PBN’s Web site, noted that Hawaii ranked 44th among the 50 states and the District of Columbia in entrepreneurial activity last year. It also found that Hawaii ranked second in the nation in the growth of entrepreneurial activity over the past decade.

The conclusion, then, is that Hawaii may have had a relatively down year in 2007, but since 1998 has been a pretty entrepreneurial state.

More interesting is the study’s profile of the demographics of a typical entrepreneur in America.

Bill Gates? No way. Entrepreneurs are much more likely to be immigrants than native-born Americans.

Entrepreneurship is only for the young? No again. The 20-34 age group is by far the least likely to start businesses, with those 35 to 64 more likely. Kauffman does not count people 65 and older, saying they are very unlikely to become entrepreneurs.

Does gender play a role? It does. Last year, men were more than twice as likely as women to start a business as a primary source of income.

Entrepreneurs tend to be well educated, right? Not in terms of formal

education. People with less than high-school educations are the most likely to start their own businesses, perhaps a reflection of their immigrant status. The next-highest group is college graduates.

The ethnicities of entrepreneurs might surprise you — remember, these are nationwide comparisons. Hispanics are much more likely to start their own businesses than any other ethnic group. Caucasians and people of Asian descent reflect the nationwide average while African-Americans are less likely to be entrepreneurs, according to the study.

Which industries attract the most entrepreneurs? Construction is way ahead of other business segments. Service industries come next. Manufacturing is at the bottom.

Where will you find entrepreneurs? The Western United States, including Hawaii, produces the most startup businesses relative to the adult population. The South is next, followed by the Midwest and Northeast.

Finally, Kauffman looked at entrepreneurial activity in the nation’s 15 largest metropolitan areas. Phoenix led the list by a wide margin, followed by Riverside-San Bernadino in California, Atlanta, Los Angeles and Miami.

And the least entrepreneurial big city? It’s the City of Brotherly Love — Philadelphia.

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