Budding entrepreneurs need the “3 M’s”—Money, Marketing and Mentoring—to succeed

Two recent articles take aim at the role small businesses play in the creation of jobs. The Washington Post said last week that any new jobs small business creates have not arrived lately: August data from the National Federation of Independent Business (NFIB) shows a reduction of .05 people per company for the nation’s smallest firms, and suggests employers are reluctant to hire in the face of an uncertain election.

A report from SmartMoney is equally grim, noting with cynicism that most small business owners are motivated more by flexible schedules than by burning ambition, making them even less inclined than their larger corporate neighbors to be currently and actively creating new jobs (unless, of course, the small firms are startups, who statistically create a consistent number of the economy's jobs).

My opinion: Not so fast. Dallas News’ Sheryl Jean, reporting data from the Intuit Small Business Employment Index, reports an increase in August of 30,000 jobs. In August, there were 45,000. The Intuit economist who authored the report does acknowledge small business is hurting:

“The employment rate has been slowing since April, and revenues have been falling since March, declining 2.7 percent from its most recent peak,” Susan Woodward says. “At an annual rate, this is a decline of just over 6 percent, which is substantial.”

Salt Lake City economist Dr. Kelly Matthews cites the uncertainty of an
unfinished election as a source of hesitation at the moment as well: “While
many small businesses have their financial acts much more together than they
did during the financial implosion of 2008, I continue to sense their
hesitation to be adding new jobs. They're more likely to squeeze a little more
productivity from their current workers than to add new jobs at the moment
as we await the election’s results.”

However, Matthews notes that significant job losses are currently centered in
larger corporations such as the reductions Kodak and Lexmark just
announced.

The lagging pace in the August results, in my opinion, is an anomaly that will
resolve itself at the end of the political race (and is likely to improve to at least
some degree regardless of the outcome). In the meantime, communities
should look at organizations in current high growth sectors, such as IT, life
sciences, healthcare and clean tech. They should also look for businesses
currently in high-growth lifecycle phases such as product launches that are
rich sources of jobs, even while growth for the small business sector continues
to feel somewhat slow overall.

Meanwhile, all sources appear to agree the job creation from startup firms—as
opposed to just small companies—continues to serve as one of the strongest
sources for new U.S. jobs.

What should communities and job seekers do? I agree with the remarks of
Jim Clifton, Chairman of Gallup, in his new book The Coming Job Wars:

“What the U.S. needs more than anything in its quest to win good new jobs in
its cities is that rare talent [entrepreneurship] to start companies or to create
new business models that work, that grow organizations—big ones, small
ones, medium-sized ones, sustainable ones.”

I will add a strong “amen” to that statement. Job creation is here, and new job
creation is coming. What we need is to supply the three “M’s”—Money,
Marketing and Mentoring—to our nation’s richest resource—our budding and
emerging new entrepreneurs. If they will put their hands up and step forward,
we should do our best as communities and as a nation to provide the plans
and programs that can help them emerge.

This article is available online at:
http://www.forbes.com/sites/alanhall/2012/09/12/is-job-creation-from-small-business-
slowing-not-so-fast/