

On October 4, 2004, history was made when the SpaceShipOne rocket plane successfully flew to the edge space for the second time in five days, earning a prize of \$10 million. This prize, known as the X prize, is designed to encourage progress towards “space tourism”. The SpaceShipOne mission was funded by Paul Allen, Microsoft co-founder, but it took more than money to make this historical effort a reality. It took a creative, innovative, and entrepreneurial team of people with ability, desire, and determination. The effects on society of such an amazing success will be far-reaching. The team is already working on plans to explore a space tourism market and someday the average person may be able to fly into space because of this amazing accomplishment.

SpaceShipOne is an exciting event which was brought about through entrepreneurship. Entrepreneurism is important to society because it stimulates the economy through job creation, it encourages innovation, and it creates an environment for self-actualization. In order to understand the value entrepreneurship brings to society, we should first consider what it means to be an entrepreneur.

The definition of an entrepreneur is left open to interpretation. Some consider the term to be synonymous with a business-owner; others may consider an inventor as being an entrepreneur. An entrepreneur is someone who develops a revenue generating opportunity through their efforts to create a new product or service; or through taking an existing product or service and making it unique, different, and their own.

To understand what an entrepreneur is, it may be helpful to point out what an entrepreneur is not; a business owner, for example a person who purchases the rights to a McDonald's franchise, may seem entrepreneurial because they own their own business and have the freedoms that provides. I would argue that they are not an entrepreneur because

while they have satisfied the first requirement, revenue generating opportunity, they are not creating a new or unique product or service. The McDonald's business owner has a three-ringed binder and a corporate office dictating their every step, removing the need to be innovative and creative with their business.

Similarly, a person who invents a product that may revolutionize a market is innovative and creative, but they must be able to take that product to the market, creating a revenue generating environment, otherwise they are inventive but not entrepreneurial.

## THE ECONOMY

Entrepreneurs play an important role in the U.S. economy through their impact on job creation. Small businesses and entrepreneurial efforts represent over 99% of all employers and generate over 40% of all new jobs. Per Thomas Sullivan of the Small Business Administration, "[e]ntrepreneurs launch new ideas and they propel our economy's evolution, this dynamic risk-taking results in 60 to 80 percent of net new jobs."<sup>1</sup> Another group interested in the effects of entrepreneurship is the Global Entrepreneurship Monitor (GEM). The GEM analyzes entrepreneurial activities across 41 participating countries. Their goal is to collect information regarding entrepreneurial activities, measure those impacts on the economy, and determine how government can influence those activities. In 2003, the GEM reported one out of every eight Americans is involved in entrepreneurial activities, and plan to provide employment to at least one person either right away or in the next five years.<sup>2</sup>

---

<sup>1</sup> U.S. Small Business Administration (2004) Retrieved September 30, 2004 from the World Wide Web: <http://www.sba.gov/advo/press/04-26.html>

<sup>2</sup> Kauffman Organization, GEM Global Entrepreneurship Monitor (2004) Retrieved October 1, 2004 from the World Wide Web: [http://www.kauffman.org/pdf/gem\\_2003\\_us\\_report.pdf](http://www.kauffman.org/pdf/gem_2003_us_report.pdf)

In all countries measured, entrepreneurial ventures were a major source of new jobs, but the amount or percentage of these new sources of employment varied. The study separated the countries into high-income and low-income groups, and while the wealth of the countries was very different, the recommended steps governments could take to encourage new entrepreneurial ventures, to continue to benefit economically, were similar; modify economic and social systems to encourage entrepreneurship, increase training in business startups, encourage an increase in the annual number of hours worked, reduce cost and complexity in starting a business, increase cultural support of new businesses, and lessen scope of government involvement in economic activities.

Interestingly, the top five countries with the most entrepreneurial activity did not include the U.S.; they were New Zealand, Chile, Argentina, Venezuela, and Uganda. The U.S. was included in the top 10 along with Iceland, China, Brazil and Australia.

## INNOVATION

Innovative entrepreneurs can spawn new industries and improve the quality of life for society. Innovative entrepreneurs can have major impacts in a relatively short period of time, such as Bill Gates and his company, Microsoft. In 1975 Microsoft started as an idea that computers would be an important tool in the office, and therefore Microsoft wanted to create software to run on those computers. In his garage, Bill Gates developed Microsoft Windows in 1983, and by fiscal year end June 2004, his company was generating \$36.8 billion in annual revenue and employing over 55,000 employees across 85 countries.<sup>3</sup> Through his innovation, Bill Gates created not only software but an entire industry devoted to developing software for

---

<sup>3</sup> Microsoft (2004) Retrieved October 1, 2004 from the World Wide Web:  
<http://www.microsoft.com/billgates/bio.asp>

computers. This new industry created an opportunity for individuals to make new careers, thanks to the innovation of an entrepreneur. But not all innovation needs to be on this scale. Innovation can improve the quality of life for society in smaller and less obvious ways.

Take the idea of a farmer in the old west, farming land that had previously been untouched. That farmer starts with an idea that he can make something of value for himself, put food on his table and generate revenue by making that food available to society in exchange for other products or payment. He starts by choosing a piece of land and then the appropriate crop. Now, this selection has some experience behind it, but it is still new. This farmer thinks he can make this idea work but he doesn't know for sure. Through some trial and error the farmer discovers what works, what crop will grow on the land he has chosen. The farmer started out entrepreneurial in his effort. As the years progress, this farmer starts to look for better ways to harvest his crop, to increase efficiency or to decrease the amount of physical labor he is performing. He starts to develop tools and processes to create efficiency. He is now being innovative. These tools or processes become used by other farmers and an industry is born; the industry of producing and distributing the tools and processes developed by the entrepreneurial and innovative farmer.

Entrepreneurism is demonstrated by both the software company founder and the farmer, it isn't the size of the effort that is important but rather the effort itself.

### SELF-ACTUALIZATION

A successful entrepreneur has a great opportunity for self-actualization. Brian Boam, founder of several entrepreneurial ventures in Utah, made an important point about the importance of an entrepreneur doing everything themselves. A successful entrepreneur will

embrace the opportunity they have to realize their full potential. This includes building skills in finance, management, marketing, customer service, facility maintenance, human resources, creative uses of resources, and the list goes on. Entrepreneurs are able to stretch their abilities and learn skills they may not have otherwise learned. They not only have to be innovative with their business idea, but also have to possess creative problem solving skills and have the ability to overcome obstacles.

Entrepreneurs must be able to perform all of the functions associated with their business, and perform them well. In the end the entrepreneur has an opportunity to learn things about themselves that they may not have otherwise realized. This opportunity for self-actualization can't be matched in most other careers.

### CONCLUSION

Whether the entrepreneur has a big idea like tourism in space, or a small idea like running a personal service company with three employees, entrepreneurship is important to society because it provides economic stimulation, an environment which encourages innovation, and a great opportunity for self-actualization. The designer of the SpaceShipOne rocket plane vowed to develop a space tourism system that will be 100 times safer than anything that has flown man into space, and already has partnered to deliver commercial sub-orbital flights that can fly people into space in as little as five years. This effort was successful because it was taken out of the hands of government and corporate bureaucracy and put into the hands of innovative people, entrepreneurs that could use creative solutions to solve what ten years ago may not have seemed possible.