

Advance Praise for
An Entrepreneur's Manifesto

“*An Entrepreneur's Manifesto* beautifully illustrates the mandate to nourish and develop an entrepreneurial mindset for a new entrepreneurial generation, empowering individuals by tapping into their passion.”

—Diana Davis Spencer, chairman and president of the
Diana Davis Spencer Foundation

“In the next few decades, billions of young people will enter the global workforce. There are not jobs waiting for most of them, especially those who are low-income. I believe that entrepreneurship education is the best solution, and this book explains why!”

—Michael Simmons, cofounder of Empact, *Forbes* columnist,
and author of *The Student Success Manifesto: How to Create
a Life of Passion, Purpose, and Prosperity*

“One walks away from this book with a sense of urgency to ensure that entrepreneurial education becomes a mainstay in the halls of all schools and places of education.”

—Rabbi Yehoshua Werde, director of
Crown Heights Young Entrepreneurs

“Through story, experience, and data, Mariotti makes it clear that entrepreneurship is the way to both reinvigorate our economy and redirect men and women away from legacies of incarceration and desperation and towards a promising, self-created career.”

—Catherine Hoke, founder and CEO of Defy Ventures

“With *An Entrepreneur’s Manifesto*, Steve Mariotti further enhances his reputation as a change agent. This powerful book can transform thinking, lives, and entire communities.”

—Sheila Rule, cofounder of the Think Outside the Cell Foundation; former senior editor, *The New York Times*

“Entrepreneurship is the only real way for people to get out of poverty. The prestige of a successful business builds incredible self-respect that also has many benefits to society as a whole. Even business initiatives that are not successful still bring solid life experiences and serve as a base for subsequent efforts. Steve Mariotti’s latest book brings it all together. I highly recommend everyone read the book and join the ‘revolution.’”

—Gary Voight, CEO of CorasWorks

“The light of entrepreneurship is a guide to freedom and hope for young people from all corners of the earth, from all walks of life. *An Entrepreneur’s Manifesto* is the twenty-first century economic blueprint we’ve been waiting for.”

—Joseph Robinson, author of *Think Outside the Cell: An Entrepreneur’s Guide for the Incarcerated and Formerly Incarcerated*

“*An Entrepreneur’s Manifesto* is destined to be a classic for my generation. Steve Mariotti has not only had a huge impact in causing entrepreneurship education to be taken seriously but he has inspired countless individuals, including myself, toward making an impact in that field. The significance of the insights he shares in this book cannot be overstated.”

—Sheena Lindhal, CEO and cofounder of Empact

AN ENTREPRENEUR'S MANIFESTO



AN ENTREPRENEUR'S MANIFESTO

Steve Mariotti



TEMPLETON PRESS

This book is dedicated to every NFTE student, teacher, supporter, donor, and board member. Thank you for having given my life meaning and purpose for a wonderful twenty-seven years.

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Preface

Entrepreneurship education can be a societal change agent, a great enabler in all sectors. Not everyone needs to become an entrepreneur to benefit from more entrepreneurial education, but all members of society need to be more entrepreneurial.

—MUHAMMAD YUNUS, 2006 NOBEL PEACE PRIZE WINNER

THE PURPOSE of this book is to start a revolution. An Entrepreneurship Revolution. The goal: To create a global “entrepreneurial ecosystem” that will provide every young person in the world with the knowledge, skills, and tools to create and operate a small business.

A child drops out of high school in the United States every nine seconds. . . . Imagine the positive impact on our economy if he or she didn't. Imagine if every child, worldwide, were business literate enough to find his or her own pathway to prosperity. Unlocking the entrepreneurial creativity of at-risk youth could change the world.

I believe this pathway to prosperity can end poverty as we currently know it within two generations. This may sound utopian, but it's not. It is based on a hardheaded calculation: If we can cut the rate of new business failure by even 1 to 2 percent, we put ourselves on a glide path to eliminate poverty within the next two generations.

Entrepreneurship education is also the most practical way to address so many of the ills plaguing the world economy today, from underemployment to the wealth gap.

If the Entrepreneurship Revolution has a manifesto, it is this: The most political act a person can ever do is to create a business. To acquire an asset or skill and then sell the product or service to another human being is a revolutionary act, an act that has the power to transform lives, rebuild families, and forever change communities.

This revolution does not seek to change the essence of human nature like the blood-soaked ideologues of the twentieth century attempted to do. This revolution will not try remake the human spirit in the vision of a favored few. My intellectual heroes—Milton Friedman, Friedrich Hayek and Ludwig von Mises—explicitly rejected the bullying, antihumanist thinking promoted by Karl Marx, Vladimir Lenin, and Frantz Fanon in favor of intellectual and economic freedom for all.

The Entrepreneurship Revolution is a revolution of consciousness; it is an awakening of the natural inventiveness, creativity, and desire for freedom deeply rooted in the psyche of every human being.

This is a capitalist revolution, but one enhanced and energized by new understandings of the nature of twenty-first-century entrepreneurship and how to transmit this knowledge to rising generations of business creators around the globe. In this book, I'll survey exciting new efforts to encourage entrepreneurship globally, including in some of the world's poorest communities. There has been an explosion in the academic field of entrepreneurial research in the last three decades. We'll explore the latest data on attitudes toward business formation and risk taking and how these affect economies. And I'll look closely at how and why entrepreneurship transforms countries, communities, and people.

I have seen such transformations countless times in my nearly

three decades of work with the Network for Teaching Entrepreneurship (NFTE), the nonprofit I founded in 1982 to bring entrepreneurship education to at-risk youth. Back then I was a desperate (and failing) special-education teacher in the New York City public school system. I was unable to reach or teach the out-of-control students in my Bed-Stuy high school. On the verge of giving up, I stepped out of the classroom in frustration one day and, in a final desperate move, took off my watch and marched back in with an impromptu sales pitch for it. To my astonishment, my students were riveted and stayed with me through a lesson on sales, wholesale and retail costs, and return on investment.

I had stumbled onto the truth: these kids were far more frustrated than I was. They felt so disconnected from our economic system that they saw no futures for themselves and no reason to pay attention or stay in school. Yet when I taught them business lessons, they became motivated to learn to read, write, do math, and behave better.

In 1987 I left the school system to found NFTE and bring entrepreneurship education to at-risk youth around the world. Since then, over six hundred thousand young people from Chicago to China have graduated from NFTE's entrepreneurship courses.

NFTE has developed award-winning textbooks and lesson plans that have proven successful in imparting to hundreds of thousands of students around the world free-market principles of and the mechanics of starting and operating a small business.

My work promoting entrepreneurship has taken me around the world, from New York's inner city to former communist strongholds around the world. I got to debate the labor theory of value and point out the mistakes of Marx and Lenin on a KGB-

financed trip to Moscow in the dying days of the Soviet Union. Accompanied by one of the few survivors of the Khmer Rouge's bloody reign, I visited S21, a detention center in the heart of the Cambodian capital of Phnom Penh, where more than seventeen thousand enemies of the regime were tortured before being taken to the killing fields to be murdered in the service of the leadership's misguided ideology.

I have talked in prisons with inmates eager to learn the secrets of entrepreneurship, desperate to turn their lives around. I have been in the homes, offices, and workshops of budding entrepreneurs across America and the world, learning as much from them about the perils and possibilities of starting and running a business as I could ever hope to teach them.

I hope that this book will add to the critical conversation we all must have about how we can nurture an emerging global Entrepreneurship Revolution, because if it's done right, this revolution can transform the global economy and usher in a new surge in peace and prosperity, at home and abroad. Not every business succeeds; not every entrepreneurial spark lights a fire in the marketplace, but any efforts that lower business failure rates even marginally could bring a massive payoff. Any increase in entrepreneurship and business literacy will inoculate the world's people against the horrific, bloody anticapitalist revolutions we've seen develop when the poor feel disempowered, hopeless, and as frustrated as my inner-city students were before they learned that they could not only survive but thrive in the free market.

I do not use the term "revolution" lightly. My life's work has taught me the power of entrepreneurial education to change lives, to lift people up, to bring hope where none existed. And unlike the false revolutions proclaimed by prophets of the left

and right in times past, this revolution will be different in key ways:

1. *This revolution will be truly universal.* It's hard to overstate the amount of evil that the theories of Karl Marx have wrought, but among his most pernicious ideas was the insistence that there were warring classes in every society with interests that must always be in conflict. The beauty of the Entrepreneurship Revolution is that it benefits everyone. Basic economic concepts like the supply and demand curve were only academically formulated in the last 150 years, but human beings in every society have always had an intuitive, universal understanding of profit and loss, buying and selling, risk and reward. Developing an entrepreneurial ecosystem that nurtures the universal impulse to trade will lead to an infinitely more profound “workers’ revolution” than anything Marx ever conceived.

2. *This revolution will be truly democratic.* Just as the market doesn't care where a new idea originates, it doesn't care who came up with the idea in the first place. The people who stand to benefit the most from a global Entrepreneurship Revolution are the eccentrics, the overlooked, the disabled—those willing to risk being different. To read the biographies of the great inventors, the breakthrough innovators, and the founders of corporate empires is to be struck again and again by how the outsiders and the marginalized enjoy the greatest success in the end. The barriers to entry they faced in nearly every other aspect in their lives melted away in the heat of a good idea.

3. *This revolution will be truly visionary.* The entrepreneur is a time traveler, in a sense more fantastic than any science fiction story. To succeed, an entrepreneur must have the ability to literally project him- or herself into the future, envision a business idea as a working business, predict the potential value

of that idea, and translate that back into the present value of a product or service the business can sell in the here and now.

The global economy faces immense challenges in the coming decades. Hundreds of millions of young people will enter the labor market even as technological change threatens huge numbers of jobs and even whole industries. The wealthy nations are struggling to remain dominant, while rising economic powers in Asia, Latin America, and Africa demand their place at the table. The world economy still hasn't fully recovered from the recent financial meltdown, and movements like Occupy Wall Street question the basic ideals of capitalism and free markets.

I remain an optimist because, like my student entrepreneurs, I am a time traveler, too. I can see a future where an entrepreneurial ecosystem is in place to support any young person with a good idea and the willingness to risk it in the marketplace. Not everyone is destined to be a business owner, but all can benefit from embracing the entrepreneurial mind-set in whatever job they do. The untapped potential is immense: Even in the United States, it is estimated that only six thousand high school students currently take formal courses in entrepreneurship. Why aren't we teaching our young people how our economy works? Why aren't we empowering them to participate in it?

Pablo Guzman, executive director of Fundación and NFTE's newest international partner in Mexico City, notes that there is no shortage of entrepreneurial energy among Mexico's young people, but that far too much of it is channeled down the wrong path. He thinks entrepreneurship education programs can break the next generation of young Mexicans from the lure of quick profits and fabulous fortunes offered by the drug cartels, an attraction that is not dimmed by the rampant violence and high mortality rate of the drug trade. "They prefer five years of being

rich to thirty to forty years of being poor,” Guzman explains. “That’s the mentality we’re trying to break.”

It’s a mentality I have also spent a lifetime fighting. As Muhammad Yunus says, entrepreneurship is society’s “great enabler,” the secret weapon that can change lives and change the world. The elements in the change are financial, academic, technological, and managerial, but first, as the psychiatrists say, the patient must be willing to change. There is no greater challenge for today’s political, business, cultural, and education leaders than getting this revolution right.

Steve Mariotti
New York City
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AN ENTREPRENEUR'S MANIFESTO

CHAPTER 1

Entrepreneurship Can Be Taught—to Anyone

It's a very ancient saying, But a true and honest thought, That
if you become a teacher, By your pupils you'll be taught.

—RICHARD RODGERS AND OSCAR HAMMERSTEIN,
THE KING AND I

ACCORDING TO MAPQUEST, it should take only twenty-six minutes to travel the eight miles from the Boys and Girls High School in Bedford-Stuyvesant, Brooklyn, to the Waldorf Astoria on Park Avenue in Manhattan.

It took me thirty-one years, one month, and seventeen days.

I felt awestruck as I entered the Waldorf's elegant ballroom on April 23, 2013. It was packed for a gala celebrating the Network for Teaching Entrepreneurship's (NFTE) silver anniversary—and I was the guest of honor. The organization I had founded in 1987 to bring entrepreneurship education to at-risk youth had survived twenty-five bumpy yet exhilarating years. In that time NFTE had grown from a high school teacher's pipe dream into a nonprofit widely recognized as the leader of today's global movement in entrepreneurship education.

My first office was a wooden table at the West Fourth Street Saloon near New York University, where I went for the free popcorn (and to nurse my crush on actress Edie Falco, who was waiting tables).

Today NFTE occupies two floors at 120 Wall Street. We have

certified fifteen hundred entrepreneurship teachers worldwide. Significant NFTE programs have been established in South Africa, Ireland, Israel, Belgium, China, the Netherlands, Germany, India, and the United Kingdom, and new programs are opening in Hebron and New Zealand. Over six hundred thousand students worldwide have graduated from our programs.

Given our humble beginnings, it was wonderful to see Goldman Sachs and MasterCard step up as the gala's primary sponsors, along with such with business all-stars as Southwest Airlines, Ernst & Young, E*Trade, Microsoft, and Sean "Diddy" Combs.

The organization has even been the subject of a movie. The documentary *TenEight: Shoot for the Moon* follows teenage finalists arriving in New York City for NFTE's national business plan competition. In his January 24, 2010, op-ed for the *New York Times*, Thomas Friedman wrote, "Obama should arrange for this movie to be shown in every classroom in America. It is the most inspirational, heartwarming film you will ever see."

At the 2013 gala, our Global Young Entrepreneurs of the Year winners presented their businesses: Tyler Hansen had opened a paintball arcade in his Central Valley, California, hometown; Lakeisha Henderson, from East Cleveland, Ohio, had been inspired by her pet-grooming business, Besties for Life, to major in business in college; Niall Foody, age sixteen, from Letterkenny, Ireland, who has Asperger's and dyspraxia had developed an ingenious line of luminous stickers to place around keyholes, light switches, and doorbells to make them easy to find in the dark; and Abdulaziz Al-Dakhel, age eighteen, from Jeddah, Saudi Arabia, had developed a string of products from camel's milk ("a new Viagra"), wool, and even urine.

These young winners were all from challenging backgrounds.

They beautifully delivered their well-practiced pitches to the gala guests, making eye contact, shaking hands firmly, and making sure everyone who stopped by their displays left with business cards and brochures.

Later that evening, we heard from NFTE alumni like James “Jimmy Mac” McNeal, who took part in a NFTE BizCamp at Philadelphia’s Wharton Business School as a high school senior in the summer of 1989. Jimmy’s Bulldog Bikes became the first urban bike company in the bicycle motocross (BMX) market. Today his parent company, BDG Industries, is a major player on the BMX scene, with media, marketing, and event planning spinoffs. Jimmy remains active in NFTE as a teacher and mentor.

We also heard from Jasmine Lawrence, NFTE class of 2003. When she was eleven, Jasmine lost nearly all of her hair after using a chemical relaxer. She founded EDEN Body Works, a natural line of hair care products, and secured an order from Walmart for over one hundred thousand dollars a year in sales—and her company is still growing.

AT-RISK YOUTH HAVE AN APTITUDE FOR ENTREPRENEURSHIP

These amazing young people illustrate something I have seen happen many times. Teaching at-risk youth basic business principles changes their lives—whether they become lifelong entrepreneurs or become better employees and are able to enhance their careers because they understand how business works.

I believe the biggest breakthrough of the last fifty years in education is that entrepreneurship can be taught and that it helps students in critical ways—whether they go on to become entrepreneurs or not. Young people have wonderful, unique

advantages in business. As any parent of a teenager knows, they are more comfortable with risk than adults. This generation has also grown up online, watching young entrepreneurs like Mark Zuckerberg (Facebook) and Bobby Murphy and Evan Spiegel (Snapchat) turn fresh ideas into billions of dollars.

At-risk youth have additional advantages. They often display a natural aptitude for entrepreneurship because their challenging lives encourage them to develop assertiveness, independence, and salesmanship. They have a lot of experience handling risk and ambiguity. When these qualities are channeled into entrepreneurship, negative behaviors turn into positive ones. I've personally witnessed angry, disaffected, and disenfranchised children transform into creative, inspiring, empowered leaders once they've been taught how our economy works and how they can participate in it. Not only do at-risk youth exposed to entrepreneurship get excited about business, they become motivated

The entrepreneur has fascinated and frustrated theorists and researchers almost from the dawn of the study of economics. Ever since Irish-French banker and political theorist Richard Cantillon coined the term "entrepreneur" around 1730 (he also suggested "undertaker" as the English equivalent, an idea that mercifully did not catch on), economists and policymakers have been trying to pin down what makes a person an entrepreneur, how much entrepreneurs contribute to a society's growth and prosperity, and how to encourage this strange class of dreamers, risk takers, and, at times, troublemakers.

to do better in school. They realize that there are many paths out of poverty, and they discover the power of their own potential, which enhances their self-esteem.

I've made it my life's work to teach entrepreneurship education as a pathway to prosperity for at-risk youth around the world. I won't quit until every school in the world provides its students with this empowering knowledge.

LEAVING CORPORATE LIFE

This all began because, back in 1982, I wasn't a very good teacher.

Standing in front of fifty-six unruly students as a newly minted math teacher at one of New York City's most crime-ridden schools was not part of my master plan. My dreams ran more along the lines of becoming the CEO of a Fortune 500 company.

In 1977 I graduated with an MBA from the University of Michigan. During graduate school I won a scholarship to study at the Institute for Humane Studies with Friedrich A. Hayek, the 1974 Nobel Prize winner for economics.

After the summer program with Hayek I began my career at Ford. I had the best job a young MBA could get. I was an analyst for the legendary Ford finance staff.

I led a team that helped lower Ford's interest payments by several million dollars a year, earning me the nickname "Stevie Wonder." At twenty-six I was leapfrogging over career hurdles and getting an inside look at how one of America's largest corporations operated. But I soon learned that speaking one's mind did not go over well.

I was Ford's South Africa and aerospace analyst. I'd also become a fan of civil rights leader Reverend Leon Sullivan. In 1977 Reverend Sullivan drafted the Sullivan Principles. These